SENATE

MONDAY, MARCH 14, 1955

(Legislative day of Thursday, March 10, 1955)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

O Thou God of grace and glory, in hours of confusion and commotion we are sure of no light but thine, no refuge but in Thee. To Thee who knowest the secrets of our hearts, we commit ourselves and our Nation; we bring to Thee the moral chaos of our world, its spiritual fatigue, its restlessness of heart, its dark forebodings. We acknowledge our share in the world's sin; our love of ease, our pride of race and place and possession, our hard bargaining and ruthless competition; our failure to take account of the needs of others, and to realize that in very truth humanity is one. Work in us by Thy grace, we pray, a miracle of renewal and transformation. Grant us the strength of will to keep Thy commandments and walk in Thy ways. We ask it in the name of that One in whom life lay and whose life is the light of men.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Friday, March 11, 1955, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on March 11, 1955, the President had approved and signed the joint resolution (S. J. Res. 42) to amend the National Housing Act, as amended.

REPORT ON MUTUAL SECURITY PROGRAM—MESSAGE FROM THE PRESIDENT

The PRESIDENT pro tempcre laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying report, referred to the Committee on Foreign Relations:

To the Congress of the United States:

I am transmitting herewith the Seventh Semiannual Report on the Mutual Security Program. This report covers operations during the 6-month period June 30 to December 31, 1954, carried out in furtherance of the purposes of the Mutual Security Act of 1954.

During this period, you will note there was a significant acceleration of operations in Asia, where the bulk of the free world's population occupies its greatest land mass, and where communism is stepping up its efforts of expansion.

These worldwide programs of military aid, economic development, and technical cooperation are increasing the military security and economic progress of the United States and our cooperating partners in the free world.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *March 14, 1955.*

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed a joint resolution (H. J. Res. 252) making an additional appropriation for the Department of Justice for the fiscal year 1955, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 829) to authorize personnel of the Armed Forces to train for, attend, and participate in the 2d Pan-American games, the 7th Olympic winter games, games of the XVI Olympiad, future Pan-American games and Olympic games, and certain other international amateur sports competitions, and for other purposes, and it was signed by the President pro tempore.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H. J. Res. 252) making an additional appropriation for the Department of Justice for the fiscal year 1955, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

CALL OF THE ROLL

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Frear	McCarthy
Allott	Fulbright	McClellan
Anderson	George	McNamara
Barkley	Goldwater	Millikin
Barrett	Gore	Monroney
Beall	Green	Morse
Bender	Hayden	Mundt
Bennett	Hennings	Murray
Bible	Hickenlooper	Neely
Bricker	Hill	O'Mahoney
Bridges	Holland	Payne
Bush	Hruska	Purtell
Butler	Humphrey	Robertson
Byrd	Ives	Russell
Capehart	Jackson	Saltonstall
Carlson	Johnson, Tex.	Schoeppel
Case, N. J.	Johnston, S. C.	Scott
Case, S. Dak.	Kefauver	Smathers
Chavez	Kerr	Smith, N. J.
Clements	Kilgore	Sparkman
Cotton	Knowland	Stennis
Curtis	Kuchel	Thurmond
Daniel	Langer	Thye
Dirksen	Lehman	Watkins
Douglas	Long	Welker
Dworshak	Magnuson	Wiley
Eastland	Malone	Williams
Ellender	Mansfield	Young
Ervin	Martin, Iowa	
Flanders	Martin, Pa.	

Mr. CLEMENTS. I announce that the Senator from Oregon [Mr. NEUBERGER], the Senator from Rhode Island [Mr. PASTORE], and the Senator from Missouri [Mr. SYMINGTON] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is absent by leave of the Senate because of illness.

Mr. SALTONSTALL. I announce that the Senator from Pennsylvania [Mr. DUFF] and the Senator from Indiana [Mr. JENNER] are necessarily absent.

I also announce that the Senator from Michigan [Mr. POTTER] is absent because of illness.

The Senator from Maine [Mrs. SMITH] is absent by leave of the Senate.

The PRESIDENT pro tempore. A quorum is present.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that there may now be a morning hour, under the usual 2-minute limitation.

The PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

REPORT OF LENDING AGENCIES BY COMMISSION ON ORGANIZATION OF THE EXECUTIVE BRANCH OF THE GOVERNMENT

A letter from the Chairman, Commission on Organization of the Executive Branch of the Government, transmitting, pursuant to law, a report of that Commission on lending, guaranteeing, and insurance activities of the Federal Government (with an accompanying report); to the Committee on Banking and Currency.

REPORT OF RUBBER PRODUCING FACILITIES DISPOSAL COMMISSION

A letter from the Executive Director, Rubber Producing Facilities Disposal Commission, Washington, D. C., transmitting, pursuant to law, a report prepared by the Federal Facilities Corporation, with respect to expenditures for repairs, replacements, additions, improvements, or maintenance of Government-owned rubber-producing facilities, for the 7-month period for fiscal year 1955 ended January 31, 1955 (with an accompanying report); to the Committee on Banking and Currency.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

A resolution of the House of Representatives of the State of Montana; to the Committee on Agriculture and Forestry:

"Memorial of the House of Representatives of the State of Montana to the Congress of the United States to the Honorables JAMES E. MURRAY and MIKE MANSFIELD, Senators from the State of Montana, and to the Honorables LEE METCALF and ORVIN FJARE, Representatives in Congress from the State of Montana, urging that the Congress reject the proposal of the subcommittee of the President's Commission on Intergovernmental Relations to dismantle the Soil Conservation Service and turn its functions over to the States

"Whereas the Federal Soil Conservation Service, working with soil conservation districts, has been outstandingly successful in

serving the Soil Conservation Districts of America; and

"Whereas the subcommittee of the President's Commission on Intergovernmental Relations has recommended that this program be relegated to the various States with a progressively decreasing grant-in-aid status; and

"Whereas the present corps of SCS technicians would be gradually shifted to the status of State employees; and

"Whereas the idea is financially impracticable because a number of the States, including Montana, have in the past been unable to make sufficient appropriations to meet their obligations on other similar grant-in-aid programs such as Federal highways and other worthwhile projects; and

"Whereas a good program must be based and dependent on well-trained and educated personnel who can be assured of the security and permanence that only the civil service status could provide; and

"Whereas a high standard of achievement is unlikely of achievement in all 48 States under separate programs; and

"Whereas under the provisions of the Reorganization Act, this undesirable shift in Soil Conservation Service responsibility will automatically go into effect after its approval by the Federal commission unless rejected by the Congress within 60 days; and

"Whereas the benefits of a nationally administered program of soil conservation accrue to all the people: Now, therefore, be it

"Resolved, That the House of Representatives of the State of Montana, now in session, hereby most urgently request the Congress of the United States to reject the aforesaid reorganization plan, and retain the soil conservation as a Federal service in substantially its present form, with responsibility for carrying forward the programs developed by the locally administered soil-conservation districts; and be it further

"Resolved, That the secretary of state of the State of Montana be hereby directed to transmit a certified copy of this memorial to the Congress of the United States, to the Honorables JAMES E. MURRAY and MIKE MANSFIELD, Senators from the State of Montana, and to the Honorables LEE METCALF and ORVIN FJARE, Representatives in Congress from the State of Montana."

A concurrent resolution of the Legislature of the State of Texas; to the Committee on the Judiciary:

"Senate Concurrent Resolution 15

"Resolved by the Senate of the State of Texas (the House of Representatives concurring), That the Legislature of the State of Texas, pursuant to article V of the Constitution of the United States, hereby makes application to the Congress of the United States to call a convention for proposing the following article as an amendment to the Constitution of the United States in lieu of article V:

"'ARTICLE V

"'SECTION 1. The Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose amendments to this Constitution, or on the application of the legislatures of two-thirds of the several States shall call a convention for proposing amendments; or the legislature of any State, whenever two-thirds of each house shall deem it necessary, may propose amendments to this Constitution by transmitting to the Secretary of State of the United States and to the secretary of state of each of the several States a certified copy of the resolution proposing the amendment, which shall be deemed submitted to the several States for ratification when certified copies of resolutions of the legislatures of any 12 of the several States by two-thirds of each house shall have been so transmitted concurring in the proposal of such amendment; which, in any case, shall be valid to all intents and purposes as part of this Constitution when ratified by the legislatures of three-fourths of the several States: *Provided*, That no State, without its consent, shall be deprived of its equal suffrage in the Senate.

"'SEC. 2. The act of proposal, concurrence in a proposal, or ratification of an amendment, shall not be revocable.

"'SEC. 3. A proposal of an amendment by a State shall be inoperative unless it shall have been so concurred in within 7 years from the date of the proposal. A proposed amendment shall be inoperative unless it shall have been so ratified within 15 years from the date of its submission, or shorter period as may be prescribed in the resolution proposing the amendment.

"'SEC. 4. Controversies respecting the validity of an amendment shall be justiciable and shall be determined by the exercise of the judicial power of the United States'; further

"Resolved, That such amendment shall be valid to all intents and purposes as part of the Constitution of the United States when ratified by the legislatures of three-fourths of the several States; further

"Resolved, That as the power of the sovereign States to propose amendments to the Constitution of the United States by convention under article V has never been exercised and no precedent exists for the calling or holding of such convention, the State of Texas hereby declares the following basic principles with respect thereto: That the power of the sovereign States to amend the Constitution of the United States under article V is absolute; that the power of the sovereign States to propose amendments to the Constitution by convention under article V is absolute; that the power of the sovereign States extends over such convention and the scope and control thereof and that it is within their sovereign power to prescribe whether such convention shall be general or shall be limited to the proposal of a specified amendment or of amendments in a specified field; that the exercise by the sovereign States of their power to require the calling of such convention contemplates that the applications of the several States for such convention shall prescribe the scope thereof and the essential provisions for holding the same; that the scope of such convention and the provisions for holding the same are established in and by the applications therefor by the legislatures of the two-thirds majority of the several States required by article V to call the same, and that it is the duty of the Congress to call such convention in conformity therewith; that such convention is without power to transcend, and the delegates to such convention are without power to act except within, the limitations and provisions so prescribed; further

"Resolved, That such convention shall be called and held in conformity with the following limitations and provisions, and that the Congress, in the call for such convention, hereby is requested to and shall prescribe:

"1. That such convention shall be held in the city of Philadelphia, in the State of Pennsylvania, on the first Monday of the first December following transmission to the Senate and the House of Representatives of the Congress of the United States of applications for such convention by the legislatures of two-thirds of the several States and, in honor of the Nation's founders and for invocation, shall convene at Constitution Hall, at Independence Square, at the hour of 10 o'clock in the morning of such day, and thereupon adjourn to more commodious quarters within said city for session as the convention shall determine;

"2. That the several States shall have equal suffrage at such convention; that each of the several States shall be entitled to 3 delegates thereat and that each of such delegates shall be entitled to 1 vote; one of whom shall be selected by the Lieutenant Governor from among the membership of the Senate of Texas, one by the speaker of the house of representatives from the membership of the house of representatives, and one to be chosen by the Governor of the State; that in case of a vacancy in the office of any delegate during such convention, not otherwise filled pursuant to law or by legislative act or as herein provided, such vacancy shall be filled by the governor of such State from the senate or house of its legislature or the State at large, respectively, as the case may be; that during such vacancy and during the absence of a delegate from the floor of the convention the delegates present from such State shall be empowered to exercise the vote of the absent delegate or delegates from such State; that the legislature of any State may choose its delegates to such convention, other than hereinabove designated, in which case the delegates so chosen shall be certified to the convention by the secretary of state of such State and shall constitute the delegates of such State at such convention in lieu of the delegates otherwise hereinabove designated;

"3. That such convention shall be limited and restricted specifically to the consideration and proposal of such amendment to article V, the choosing of officers and adoption of rules of procedure for the conduct of such convention and the maintenance of order thereat, the determination of any issue respecting the seating of delegates, adjournment from day to day and to a day certain and from place to place within said city as may be convenient, and adjournment sine die; and such convention shall not be held for any other purpose nor have any other power, and the delegates thereto shall have no power other than within the limitations herein prescribed;

"4. That a permanent record shall be made of the proceedings of such convention, which shall be certified by the secretary of the convention, the original of which shall be placed in the Library of Congress and printed copies of which shall be transmitted to the Senate and the House of Representatives of the Congress, to the Secretary of State of the United States, and to each house of the legislature and to the secretary of state of the several States;

"5. That the powers of such convention shall be exercisable by the States, represented at such convention by duly constituted delegates thereat, by majority vote of the States present and voting on such proposal, and not otherwise; further

"Resolved, That this application shall constitute a continuing application for such convention under article V of the Constitution of the United States until the legislatures of two-thirds of the several States shall have made like applications and such convention shall have been called and held in conformity therewith, unless the Congress itself propose such amendment within the time and the manner herein provided; further

"Resolved, That proposal of such amendment by the Congress and its submission for ratification to the legislatures of the several States in the form of the article hereinabove specifically set forth, at any time prior to 60 days after the legislatures of two-thirds of the several States shall have made application for such convention, shall render such convention unnecessary and the same shall not be held; otherwise such convention shall be called and held in conformity with such applications; further

"Resolved, That as this application under article V of the Constitution of the United States is the exercise of a fundamental power of the sovereign States under the Constitution of the United States, it is requested that receipt of this application by the Senate and the House of Representatives of the

Congress of the United States be officially noted and duly entered upon their respective records, and that the full context of this resolution be published in the official publication of both the Senate and the House of Representatives of the Congress; and further

"Resolved, That copies of this resolution be transmitted forthwith to the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States; to the Secretary of State of the United States; and to the secretary of state of each State.

"BEN RAMSEY,
"President of the Senate.
"JIM LINDSEY,
"Speaker of the House."

The petition of Frank C. Tobian, and sundry other citizens of the State of New York, praying for the enactment of Senate Joint Resolution 1, relating to the treatymaking power; to the Committee on the Judiciary.

By Mr. SALTONSTALL (for himself and Mr. KENNEDY):

Resolutions of the House of Representatives of the General Court of the Commonwealth of Massachusetts; to the Committee on Labor and Public Welfare:

"Resolutions memorializing Congress to prevent the closing of the United States Public Health Hospital, also known as the Brighton Marine Hospital in Brighton

"Whereas the proposed closing of the United States Public Health Hospital, also known as the Brighton Marine Hospital, in Brighton, would cause great inconvenience to merchant seamen, members of the United States Coast Guard and disabled war veterans, and would greatly lessen the hospital facilities available for such merchant seamen, members of the United States Coast Guard and veterans: Therefore be it

"Resolved, That the House of Representatives of the General Court of Massachusetts urgently requests that the Federal Government take such steps as may be necessary to prevent the closing of said hospital; and be it further

"Resolved, That a copy of these resolutions be sent by the secretary of the Commonwealth to the President of the United States, to the Secretary of the Army, and to each Member of Congress from this Commonwealth."

(The PRESIDENT pro tempore laid before the Senate resolutions of the House of Delegates of the General Court of the Commonwealth of Massachusetts, identical with the foregoing, which were referred to the Committee on Labor and Public Welfare.)

By Mr. THYE:

A joint resolution of the Legislature of the State of Minnesota; to the Committee on Interior and Insular Affairs:

"Joint resolution memorializing the Congress of the United States to admit the Territories of Alaska and Hawaii to statehood

"Whereas the Territories of Alaska and Hawaii have applied to be admitted to statehood; and

"Whereas these Territories have long been valued possessions of these United States, and the people thereof in times of both peace and war have demonstrated their loyalty, their spirit of self-sacrifice, their trustworthiness, and their abilities to be good citizens; and

"Whereas the Territories of Alaska and Hawaii are important outposts in the preservation of world peace and in the defense of the shores of the continental limits of these United States, and their admittance to statehood will strengthen the position of these Territories in the defense of our shores and in the maintenance of world peace; and

"Whereas the peoples of these Territories are capable of self-government and are desirous of joining the family of States comprising this American Republic: Now, therefore, be it

"Resolved by the Legislature of the State of Minnesota, in regular session assembled, That the Congress of the United States is respectfully urged to admit the Territories of Alaska and Hawaii to statehood and that the necessary enabling legislation therefor be enacted during the current session of Congress: Be it further

"Resolved, That the secretary of state of the State of Minnesota is instructed to transmit copies of this resolution to the President of the United States, the President of the Senate, and the Speaker of the House of Representatives of the United States, and to each Member of Congress from the State of Minnesota.

"KARL F. ROLVAAG,
"President of the Senate.
"ALFRED I. JOHNSON,
"Speaker of the House of Representatives.

"Passed the senate this 15th day of February, in the year of our Lord 1955.

"TEX DORCEY,
"Secretary of the Senate.

"Passed the house of representatives the 28th day of February, in the year of our Lord 1955.

"G. H. LEAHY,
"Chief Clerk, House of Representatives.

"Approved March 4, 1955.

"ORVILLE L. FREEMAN,
"Governor of the State of Minnesota."

(The PRESIDENT pro tempore laid before the Senate a joint resolution of the Legislature of the State of Minnesota identical with the foregoing, which was referred to the Committee on Interior and Insular Affairs.)

A concurrent resolution of the Legislature of the State of Minnesota; to the Committee on Public Works:

"Concurrent resolution memorializing the President and the Congress of the United States to support measures authorizing the deepening of all Great Lakes connecting channels to a depth of 36 feet

"Whereas the Congress of the United States has authorized the construction of a portion of the St. Lawrence Seaway; and

"Whereas the legislation enacted by Congress would not provide for the deepening of the connecting channels leading into Lake Superior; and

"Whereas if Minnesota is to realize the full benefits of the St. Lawrence Seaaway, it is necessary that the connecting channels be deepened to 36 feet; and

"Whereas deepening of the channel will result in annual transportation savings to shippers in Minnesota and the upper Northwest and will enable Minnesota to share fully in an expanded world trade: Now, therefore, be it

"Resolved by the house of representatives (the senate concurring), That the President of the United States and the Congress of the United States be memorialized to enact the necessary legislation to secure the immediate deepening of the connecting channels to a depth of 36 feet and to appropriate immediately the funds necessary for the completion of this work by the date of the completion of the remainder of the St. Lawrence Seaway; be it further

"Resolved, That the secretary of state be instructed to transmit copies of this resolution to the President of the United States and to each Member of Congress from the State of Minnesota.

"ALFRED I. JOHNSON,
"Speaker of the House of Representatives.
"KARL F. ROLVAAG,
"President of the Senate.

"Passed the house of representatives the 8th day of February in the year of our Lord 1955.

"G. H. LEAHY,
"Chief Clerk, House of Representatives.

"Passed the senate the 2d day of March in the year of our Lord 1955.

"H. Y. TORREY,
"Secretary of the Senate.

"Approved March 7, 1955.

"ORVILLE L. FREEMAN,
"Governor of the State of Minnesota."

A joint resolution of the Legislature of the State of Minnesota; to the Committee on Interstate and Foreign Commerce:

"A joint resolution memorializing the President, the United States Public Health Service, and the Congress of the United States to further develop requirement for interstate transportation of dairy products and to eliminate artificial trade barriers

"Whereas Minnesota is in that section of the Nation which comprises the greatest interstate dairy products export area and which excels in the quality of its dairy products; and

"Whereas the movement of dairy products in interstate commerce is restricted by locally established artificial trade barriers, some in the form of restrictive devices on sales, others in the guise of quality and sanitation standards which vary from one local jurisdiction to another to favor local producers and discriminate against imported products; and

"Whereas State and local jurisdictions refuse to provide inspections outside of certain limited zones and refuses to accept the inspections of any other States or local jurisdictions; and

"Whereas the issuance of retail and wholesale distributor permits is restricted to those processors or distributors who have plants located within a given geographical area; and

"Whereas large producing areas such as Minnesota are forced to subject themselves to prohibitive multiplicity of inspections in attempting to comply with the requirements of the various interstate trade markets; and

"Whereas the United States Public Health Service has developed a model milk sanitation ordinance which has been adopted, together with its interpretative code, by many municipalities and counties and by some States; and

"Whereas in order to avoid duplicate inspections the Public Health Service has a plan of surveying and rating the continuous inspection service rendered by local control officials; and

"Whereas it seems unreasonable for a market to impose its own inspection service upon suppliers when they can be assured of the adequacy of inspection at the source by obtaining a rating of such inspection by the United States Public Health Service; and

"Whereas the Nation's reciprocal recognition of substantially equivalent inspection standards in the dairy industry would contribute to the health and welfare by facilitating the interstate movement of dairy products and by encouraging increased consumption of dairy products at an equitable price based on fair competition; and

"Whereas restrictions of trade in interstate commerce effects a contravention of section 8 of Article I of the Constitution of the United States: Now, therefore, be it

"Resolved by the Legislature of the State of Minnesota, That the President and the Congress of the United States be requested to do all in their power to further extend and develop the use of the United States Public Health Service Milk Sanitation Code and to insure the unrestricted interstate movement of dairy products whose quality conforms to the standard of that code; be it further

"Resolved, That we request Congress to amend the Agricultural Marketing Act of 1937 to provide that prices of all milk sold under provisions of Federal market orders must be related to the general level of manufacturing milk prices; and to provide that prices of class 1 milk shall be revised downward when production in the milk shed embraced within each Federal order shall be in

excess of 115 percent of class 1 requirements in the low season of production; and to provide further for the elimination from such orders of all provisions designed to discourage, or which have the effect of burdening and obstructing shipments of milk or cream from any production area in the United States to any marketing area regulated by a Federal milk order.

"KARL T. ROLVAAG,
"President of the Senate.
"ALFRED O. JOHNSON,
"Speaker of the House of Representatives.

"Passed the senate the 23d day of February, in the year of our Lord, 1955.

"H. E. GARNEY,
"Secretary of the Senate.

"Passed the house of representatives the 1st day of March, in the year of our Lord, 1955.

"G. H. LEAHY,
"Chief Clerk, House of Representatives.

"Approved March 7, 1955.

"ORVILLE L. FREEMAN,
"Governor of the State of Minnesota."

By Mr. LANGER (for himself and Mr. YOUNG):

A concurrent resolution of the Legislature of the State of North Dakota; to the Committee on Labor and Public Welfare:

"Senate Concurrent Resolution B-1

"Concurrent resolution relating to the recommendations of the Hoover Commission for the closing of the Minot and Fargo veterans hospitals

"Whereas a recent report of the Hoover Commission after a study of the Veterans' Administration has recommended that the veterans hospitals at Fargo and Minot be closed; and

"Whereas adoption of the report of the Hoover Commission would mean that veterans of the State of North Dakota would have to travel for medical treatment between 250 and 650 miles to Minneapolis where the nearest veterans hospital would be located; and

"Whereas such action would result in unfair discrimination and hardship to the veterans of the State of North Dakota who are in need of medical treatment: Now, therefore, be it

"Resolved by the Senate of the State of North Dakota (the House of Representatives concurring therein), That the President and Congress of the United States are hereby urged and requested to allow the veterans hospitals in the cities of Fargo and Minot in the State of North Dakota to remain open in order to provide adequate and accessible medical treatment to the veterans of this State; be it further

"Resolved, That copies of this resolution be forwarded by the secretary of the senate to the President of of the United States, the chairmen of the House and Senate Military Affairs Committees of the United States Congress, the Commissioner of Veterans' Affairs, and to all Members of the North Dakota congressional delegation.

"C. P. DAHL,
"President of the Senate.
"EDWARD LENO,
"Secretary of the Senate.
"K. A. FITCH,
"Speaker of the House.
"KENNETH L. MORGAN,
"Chief Clerk of the House."

Three concurrent resolutions of the Legislature of the State of North Dakota; to the Committee on Public Works:

"Senate Concurrent Resolution B

"Concurrent resolution memorializing Congress to authorize the Bureau of Reclamation and the Army Corps of Engineers to resell surplus lands above the normal pool level of water impoundments in North Dakota to the original landowners

"Whereas the Bureau of Reclamation of the Department of the Interior and the Army Corps of Engineers have acquired a substantial amount of land in fee along the Heart Butte Reservoir and the Garrison Dam Reservoir in the State of North Dakota, which is above the normal pool level of such impoundments; and

"Whereas the above Federal agencies have no need for any interest in such lands except to protect such agencies from damage in extremely unusual years when the water level of these impoundments rises above the normal pool level; and

"Whereas it appears that a flowage easement running to such agencies would adequately protect their interests; and

"Whereas the great majority of the former landowners who sold such lands to the Federal agencies involves through condemnation proceedings or threat thereof desire to reacquire such surplus lands above the normal pool level of the above impoundments: Now, therefore, be it

"Resolved by the Senate of the State of North Dakota (the House of Representatives concurring therein), That the United States Congress is hereby requested to pass suitable enabling legislation to authorize the Bureau of Reclamation of the Department of the Interior and the Army Corps of Engineers to resell such lands to the former landowners upon similar terms as those under which the lands were acquired, subject to a flowage easement to the Federal agencies involved, and that copies of this concurrent resolution be forwarded to all Members of Congress from the State of North Dakota by the secretary of the senate.

"C. P. DAHL,
"President of the Senate.
"EDWARD LENO,
"Secretary of the Senate.
"K. A. FITCH,
"Speaker of the House.
"KENNETH L. MORGAN,
"Chief Clerk of the House."

"Senate Concurrent Resolution C

"Concurrent resolution requesting the Army Corps of Engineers to provide for the development of recreational areas along the Garrison Dam Reservoir and authorizing the State historical society to explore avenues of cooperation in the management and maintenance of such areas

"Whereas the Garrison Dam Reservoir when filled to the normal operating level will be the largest body of water in the State of North Dakota and the only body of water in western North Dakota with shore area suitable for the development of substantial recreational areas; and

"Whereas the people of the State of North Dakota desire to obtain the fullest use of the recreational opportunities resulting from the impoundment of the waters in the Garrison Dam Reservoir: Now, therefore, be it

"Resolved by the Senate of the State of North Dakota (the House of Representatives concurring therein), That the Army Corps of Engineers is hereby urged and requested to provide for the full development of the desired recreational opportunities afforded in the area, and that the State historical society is hereby authorized to explore avenues of cooperation in the selection, management, and maintenance of such areas; be it further

"Resolved, That copies of this concurrent resolution be forwarded to the district engineer of the Army Corps of Engineers by the secretary of the senate with the request that the resolution be further forwarded through channels to the proper person in authority within the Army Corps of Engineers, and that copies also be sent to the North Dakota congressional delegation.

"C. P. DAHL,
President of the Senate.
"EDWARD LENO,
"Secretary of the Senate.
"K. A. FITCH,
"Speaker of the House.
"KENNETH L. MORGAN,
"Chief Clerk of the House."

"House Concurrent Resolution G-1

"Concurrent resolution memorializing Congress to authorize the payment of 100 percent of the cost of acquisition of right-of-way, construction, and maintenance of military highways in North Dakota

"Whereas Congress has made available an increase amount of Federal aid for the construction of highways in North Dakota during the 1955-57 biennium; and

"Whereas it appears that North Dakota will have great difficulty in matching the Federal aid available at the 1955-57 level; and

"Whereas the President of the United States is recommending to Congress a substantially increased Federal-aid program for the construction of highways, with special emphasis upon the construction of a military system of highways at very high standards; and

"Whereas it appears the State of North Dakota will be unable to match any increased Federal-aid funds for highway construction: Now, therefore, be it

"Resolved by the House of Representatives of the State of North Dakota (the Senate concurring therein), That Congress is hereby urged and requested to provide for the payment of 100 percent of the cost of acquisition of right-of-way, construction, and maintenance of the military system of highways within the State of North Dakota, and that control of access on such right-of-way be under the jurisdiction of the State of North Dakota; be it further

"Resolved, That copies of this resolution be forwarded by the chief clerk of the House of Representatives to the President of the United States, the Bureau of Public Roads, and the North Dakota congressional delegation.

"K. A. FITCH,
"Speaker of the House.
"KENNETH L. MORGAN,
"Chief Clerk of the House.
"C. P. DAHL,
President of the Senate.
"EDWARD LENO,
"Secretary of the Senate."

A concurrent resolution of the Legislature of the State of North Dakota; to the Committee on Agriculture and Forestry:

"House Concurrent Resolution J

"Concurrent resolution memorializing Congress and the Secretary of Agriculture to provide full 100 percent parity for products produced on family-type farms

"Whereas the very existence of the farm home and the family-sized farm is endangered by continuing economic trends, with farm prices declining 25 percent since 1951, net farm income steadily falling, farm operating costs remaining at near record heights, and the Nation's farm population declining 12.6 percent between 1950 and 1954, while national income continues upward; and

"Whereas the best interests and general welfare of the Nation as a whole would suffer incalculable loss if the farm family home were to be replaced by large, commercial, manager-operated farms, because—

"The farm home is such a large consumer of the Nation's goods and services and upon its patronage depends the survival of so many villages and towns;

"The traditional farm home has been one of the very foundations upon which this country has been built;

"From the farm home have come, not only much of the raw material and food so necessary for all, but young citizens, reared in God-fearing families, trained by hard work to contribute their willing share to the tasks which lie ahead, and possessed of the character and fortitude which are so necessary if this Nation is to endure and prosper;

"The farm home is still a close-knit family unit, where the ideals of our democracy are respected, taught, and preserved; and

"Whereas it is for the best interests and general welfare of the whole Nation that those who toil on these family-sized farms to maintain their farm homes receive for their labors a fair return, comparable with industry, so that these farm homes may not be replaced by large, managerial-type, commercially operated farms: Now, therefore, be it

"*Resolved by the House of Representatives of the State of North Dakota (the Senate concurring therein)*, That the Congress of the United States and the United States Secretary of Agriculture are hereby requested and urged to provide price supports for the products of these family-type farms at higher levels than those which may be established for the large, commercially operated farms; that up to a fair and reasonable limit, the prices of products raised on such family-sized farms be supported at 100 percent of parity; be it further

"*Resolved*, That copies of this resolution be forwarded to the members of the North Dakota congressional delegation and the United States Secretary of Agriculture by the chief clerk of the North Dakota house of representatives.

"K. A. FITCH,
"Speaker of the House.
"KENNETH L. MORGAN,
"Chief clerk of the House.
"C. P. DAHL,
"President of the Senate.
"EDWARD LENO,
"Secretary of the Senate."

A concurrent resolution of the Legislature of the State of North Dakota; to the Committee on Appropriations:

"House Concurrent Resolution G

"Concurrent resolution urging Congress to take favorable action upon measures for flood control in the Red River Valley watershed area

"Whereas the flooding of the Red River and its tributaries during the years 1943, 1948, and 1950, has caused untold millions of dollars of damage to property; and

"Whereas no effective means of controlling such floods have yet been developed because of lack of information and surveys of the watershed area of the Red River; and

"Whereas the development of suitable flood-control projects will conserve the water of the Red River watershed area for beneficial use; and

"Whereas the United States Army Corps of Engineers is including in its budget a request for sufficient funds to complete a survey of the Red River watershed area in order to develop plans for effective flood control: Now, therefore, be it

"Resolved by the North Dakota House of Representatives (the senate concurring therein), That the United States Congress is hereby urged to give favorable consideration to the budget requests of the United States Army Corps of Engineers for sufficient funds to complete the above survey of the Red River watershed area; be it further

"Resolved, That the United States Congress is also requested to provide such funds as may be necessary to implement such reasonable flood-control plans as may be developed for the control of floods on the Red River and its tributaries.

"K. A. FITCH,
"Speaker of the House.
"KENNETH L. MORGAN,
"Chief Clerk of the House.
"C. P. DAHL.
"President of the Senate.
"EDWARD LENO,
"Secretary of the Senate."

A concurrent resolution of the Legislature of the State of North Dakota; to the Committee on Interior and Insular Affairs:

"House Concurrent Resolution L

"Concurrent resolution urging the division of land management of the Department of the Interior to give adjacent landowners preference in leasing lands

"Whereas the Department of the Interior presently holds title to large amounts of grazing land in western North Dakota, which lands are managed by the Division of Land Management of the Department of the Interior; and

"Whereas privately owned lands are found in the midst of such federally owned land, which privately owned lands are often of too small a size to make economical farming or grazing units unless adjacent federally owned land can be leased to supplement such privately owned lands: Now, therefore, be it

"Resolved by the House of Representatives of the State of North Dakota (the senate concurring therein), That the United States Secretary of the Interior and the Division of Land Management are hereby requested to adopt leasing policies whereby landowners owning private lands adjacent to, or within the same civil township as such federally owned lands, be given first preference in the leasing of such lands; be it further

"Resolved, That the chief clerk of the North Dakota House of Representatives is hereby directed to forward copies of this resolution to the United States Secretary of the Interior and to the North Dakota congression delegation.

"K. A. FITCH,
"Speaker of the House.
"KENNETH L. MORGAN,
"Chief Clerk of the House.
"C. P. DAHL.
"President of the Senate.
"EDWARD LENO,
"Secretary of the Senate."

By Mr. CAPEHART:

A resolution of the House of Representatives of the State of Indiana; to the Committee on Foreign Relations:

"Engrossed House Concurrent Resolution 2

"Concurrent resolution memorializing the Congress of the United States to issue a protest to the United Nations against the removal of the Narcotics Division of the United Nations to Geneva, Switzerland

"Whereas Secretary General Dag Hammarskjold, of the United Nations, has a recommendation before him made by the Third Committee at the United Nations to transfer the United Nations' Narcotics Division from New York to Geneva, Switzerland; and

"Whereas the reasons for suggesting the transfer are shrouded in deep political mystery; and

"Whereas President Eisenhower has appointed a special interdepartmental committee to review and coordinate the Federal Government's programs to combat narcotics addiction in this country; and

"Whereas it would be most unwise for the Secretary General to effect this transfer, and it would be a grave mistake to do it before the committee appointed by the President has an opportunity to make a report; and

"Whereas to eliminate at this time the New York division in the United Nations with its specialized laboratory could be disastrous; and

"Whereas it is quite evident that the transfer of the Narcotics Division would remove it from the watchful eye of the American newspapermen and that its efforts would receive less news coverage: Therefore be it

"Resolved by the House of Representatives of the Indiana General Assembly (the Senate concurring):

"SECTION 1. The Congress of the United States is hereby memorialized to issue a vigorous protest to the United Nations against the removal of the Narcotics Division of the United Nations from New York to Geneva, Switzerland.

"SEC. 2. A copy of this resolution shall be sent to the following:

"1. The Honorable John Foster Dulles, Secretary of State;

"2. Ambassador Henry Cabot Lodge;

"3. Indiana's representatives in the United States Senate and House of Representatives."

NEW FEDERAL BUILDING FOR CITY OF WILLISTON, N. DAK.—LETTER AND RESOLUTION

Mr. LANGER. Mr. President, I am in receipt of a letter from L. M. Carlson, president, Board of City Commissioners, Williston, N. Dak., enclosing a copy of a resolution adopted by that board, relating to the construction of a new Federal building for the city of Williston. I present the letter and resolution, for appropriate reference, and ask unanimous consent that they be printed in the RECORD.

There being no objection, the letter and resolution were referred to the Committee on Public Works, and ordered to be printed in the RECORD, as follows:

CITY OF WILLISTON,
Williston, N. Dak., February 24, 1955.
Hon. WILLIAM LANGER,
United States Senator,
Washington, D. C.

MY DEAR SENATOR LANGER: The board of city commissioners of the city of Williston, N. Dak., by resolution hereto attached, urges consideration by the Federal Government of the need for new or expanded post office facilities for the city of Williston, which will include a Federal courtroom and office space for other administrative agencies, which will add to the growth of our territory.

The city of Williston is presently without the services which could be offered if such a building were realized.

Your assistance and support of such a worthwhile undertaking will be greatly appreciated.

Very truly yours,
L. M. CARLSON,
President, Board of City Commissioners.

Whereas there is need for new or expanded post office facilities in the city of Williston, N. Dak.; and

Whereas there is also a need for a Federal courtroom and office space for other administrative agencies to benefit this territory: now, therefore, be it

Resolved, That the city of Williston, N. Dak., respectfully request consideration by the Federal Government of the need for a new Federal building in the city of Williston, N. Dak., which would include a Federal courtroom and office space for other administrative agencies.

EFFECT ON PANAMA CANAL TOLLS OF TREATY WITH PANAMA—RESOLUTIONS AND LETTERS

Mr. MAGNUSON. Mr. President, a great many individuals and organizations directly or indirectly interested in maritime activities are concerned with the possible effects upon Panama Canal tolls arising from the recently approved treaty between this country and the Republic of Panama. Many of them have written me asking that Congress act to prevent the imposition of any undue tolls burden upon American shipping as a result thereof.

I ask unanimous consent to have printed in the RECORD correspondence

and resolutions upon the subject sent me by the mayor's maritime advisory committee, city of Seattle; the board of port commissioners, port of Oakland; and the Grand Lake Taxpayers Association, Oakland, Calif.

There being no objection, the resolutions and letters were ordered to be printed in the RECORD, as follows:

SEATTLE, WASH., *February 7, 1955.*

The Honorable WARREN G. MAGNUSON,
United States Senator, United States Senate Office Building, Washington, D. C.

DEAR SENATOR MAGNUSON: At the last meeting of the Mayor's Maritime Advisory Committee, we passed the following resolution, and are sending it on to you in hopes you will give it your fullest support. We feel the problem of payments of tolls to the Panama Canal is affecting revenues which should be derived from more shipping out of the Puget Sound area if this situation were corrected.

"Whereas this committee is vitally interested in the maintenance of a strong and adequate American merchant marine; and

"Whereas intercoastal shipping is a vital part of such a merchant marine: Now, therefore, be it

"*Resolved,* That this committee supports corrective legislation designed to recognize the national defense value of the Panama Canal so that commercial cargoes will not be required to pay more than their fair share of tolls for the commercial transiting of the canal; further be it

"*Resolved,* That fiscal and financial policies of the canal be corrected to prevent the placing of an inequitable toll burden on commercial shipping and that increases in the equity payments to the Republic of Panama be paid for the United States Government and not by commercial tolls."

We, therefore, urge you to take the necessary action to insure the passage of corrective legislation.

Very truly yours,

MAYOR'S MARITIME ADVISORY COMMITTEE,
E. A. BLACK, *Cochairman.*

PORT OF OAKLAND,
BOARD OF PORT COMMISSIONERS,
February 25, 1955.

The Honorable WARREN MAGNUSON,
The United States Senate, Chairman, Senate Committee on Interstate and Foreign Commerce, Senate Office Building, Washington, D. C.

MY DEAR SENATOR: Attached is Resolution No. B4218 passed by the Board of Port Commissioners, City of Oakland, at their regular meeting of February 21, 1955.

We urge that the Panama Canal problem be given your full consideration, and that legislation be adopted to correct present inequities.

Very truly yours,

DUDLEY W. FROST,
Port Manager.

RESOLUTION CONCERNING PANAMA CANAL TOLLS

Whereas the Board of Port Commissioners of the City of Oakland operates marine terminals handling a volume of waterborne freight which is important to the welfare of the City of Oakland; and

Whereas the volume of ocean freight using the marine terminal facilities of the Port of Oakland is influenced by the tolls assessed for the use of the Panama Canal; and

Whereas it appears that Panama Canal tolls are presently assessed upon an inequitable basis: Now, therefore, be it

Resolved, That the Congress of the United States be and it hereby is urged to adopt legislation which will correct such inequities, particularly with respect to a portion of the cost of maintaining and operating the Panama Canal being recognized as an obligation of the national defense rather than the commercial users of the Canal; and be it further

Resolved, That certified copies of this resolution shall be sent to Members of the Congress and others interested in the subject matter of this resolution.

GRAND LAKE TAXPAYERS ASSOCIATION,
Oakland, Calif., February 22, 1955.

Senator WARREN MAGNUSON,
Chairman, Senate Committee on Interstate and Foreign Commerce, Senate Building, Washington, D. C.

"*Resolved,* That the Grand-Lake Taxpayers Association does hereby request that corrective legislative action be taken and enacted which will recognize the Panama Canal a vital defense utility, and the need for altering the present financial and fiscal policies at the Canal, such as limiting the amount of annuity paid the Republic of Panama out of commercial tolls, to the end that a reduction in the tolls will result in fair taxation which will benefit us all."

This resolution passed by the Grand Lake Taxpayers Association because of the recognition of the extreme importance of intercoastal shipping and economy to us all therefrom.

The secretary is requested to transmit this resolution to our congressional Representatives in both Houses of the Congress of United States.

CHARLOTTE W. LA POSEA,
President.
MARIE E. ARNOLD, *Secretary.*

INCREASE OF FEDERAL TAX ON GASOLINE—TELEGRAM AND LETTERS

Mr. THYE. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a telegram which I received from the secretary of the Minnesota Farm Bureau Federation. The telegram voices very strong opposition to a proposed increase in the Federal tax on gasoline.

I have also received a letter from Mr. William B. Pearson, master, State Grange of Minnesota, and in the letter he, too, on behalf of the State Grange of Minnesota, expresses strong opposition to any increase in the Federal gasoline tax.

I also received a communication from the city of Minneapolis, including a resolution by the Minneapolis city council.

I ask unanimous consent that the communications and the resolution which I have mentioned may be printed in the body of the RECORD.

There being no objection, the communications and resolution were ordered to be printed in the RECORD, as follows:

ST. PAUL, MINN., *March 11, 1955.*

Senator EDWARD J. THYE,
United States Senate, Washington, D. C.:

We understand that Senator NEUBERGER, of Oregon, has introduced a bill in the Senate for a 3-cent increase in Federal gas tax. Please register the opposition of Minnesota Farm Bureau to this bill in as strong a manner as possible. We oppose by resolution the Federal gas tax in its entirety and think that this total form of taxation should be reserved for States. We are unalterably opposed to any increase in the present Federal gas tax or in typing this amount to highway building appropriation either as direct appropriation amounts or matching fund amounts. We appreciate your influence on our behalf.

J. DELBERT WELLS,
Secretary, Minnesota Farm Bureau Federation.

STATE GRANGE OF MINNESOTA,
Ogilvie, Minn., March 11, 1955.

Hon. EDWARD J. THYE,
Senator from Minnesota, Capitol, Washington, D. C.

DEAR SENATOR THYE: I have just read of a bill introduced by Senator NEUBERGER, of Oregon, which would increase the excise tax on gasoline by 3 cents per gallon. I want you to know that Minnesota farmers, both in and out of the grange, oppose such an increase and ask you to oppose it. We also desire a refund of all excise taxes on gasoline used for nonroad purposes.

The Clay report advocates a linkage between excise taxes on gasoline and Federal road appropriations. The grange has always opposed a linkage such as this and we urge you to oppose this move also.

Respectfully yours,

WILLIAM B. PEARSON,
Master, State Grange of Minnesota.

CITY OF MINNEAPOLIS,
Minneapolis, Minn., March 11, 1955.

Senator EDWARD J. THYE,
United States Senate, Washington, D. C.

DEAR SIR: In accordance with instructions of the City Council of the City of Minneapolis, we are forwarding copies of resolutions of the city council passed at a meeting held March 11, 1955, on the following:

1. Opposing the passage of the so-called Harris bill (H. R. 4560) and requesting the Members in Congress from the State of Minnesota to use their utmost efforts to defeat this bill.

2. Requesting the enactment by the Congress of the United States of an amendment to the Natural Gas Act relating to regulation of rates.

Yours very truly,

ARLENE R. FINKLE,
City Clerk.

Resolution requesting the enactment by the Congress of the United States of an amendment to the Natural Gas Act relating to regulation of rates

Whereas the city of Minneapolis has been and is confronted with the need of protecting the interests of its rate payers in connection with numerous filings of natural gas rate tariffs under the provisions of the Natural Gas Act; and

Whereas the Natural Gas Act is designed for the purpose of effective regulation of natural-gas rates; and

Whereas such regulation would be facilitated and improved if time limitations now in the Natural Gas Act were modified: Now, therefore, be it

Resolved by the City Council of the City of Minneapolis, That the Representatives and Senators from Minnesota in the Congress of the United States be requested to sponsor legislation amending the Natural Gas Act in the following respects:

1. By extending the presently authorized period of suspension of filed natural-gas tariffs.

2. Extension of the authority of the Federal Power Commission to include the establishment of temporary natural-gas rates during the period of suspension and pending final determination of appropriate rates; be it further

Resolved, That a copy of this resolution be transmitted forthwith to the Representatives and Senators from Minnesota in the Congress of the United States.

Resolution opposing the passage of the so-called Harris bill (H. R. 4560) and requesting the Members of Congress from the State of Minnesota to use their utmost efforts to defeat this bill

Resolved by the City Council of the City of Minneapolis:

Whereas the City Council of the City of Minneapolis has under consideration the provisions of the so-called Harris bill (H. R. 4560); and

Whereas under the provisions of the Harris bill it is proposed to take away from the regulation of the Federal Power Commission all production, gathering, processing, treating, compressing, and delivering of natural gas to pipeline companies; and

Whereas by the provisions of said bill it is proposed to limit the jurisdiction of the Federal Power Commission to regulate natural gas to only such sales for resale as occur after the completion of all production, gathering, processing, treating, compressing, and delivery of such gas to pipeline companies; and

Whereas it is proposed by such legislation to limit sales of natural gas for resale to such sales in interstate commerce as occur after the commencement of the transportation of such gas in interstate commerce but which do not include any sales which occur in, or within the vicinity of, the field or fields where produced at or prior to the commencement of such transportation of natural gas in interstate commerce; and

Whereas it is further proposed by said Harris bill (H. R. 4560) to require the Federal Power Commission to fix a rate based on the fair field price of such natural gas; and

Whereas it is the opinion of the city council that the passage of this bill, or any legislation similar in purpose or effect, will nullify the decision of the United States Supreme Court in the case of *Phillips Petroleum Co.* v. *State of Wisconsin* (347 U. S. 672, 74 S. Ct. 794 (1954)), which may result in substantial benefits to consumers of gas; and

Whereas the consumption of natural gas by domestic consumers in the city of Minneapolis is proportionately greater than most other large urban centers because of the long and intensely cold winter season, and, therefore, the city of Minneapolis is vitally interested in any legislation which might tend to increase the price of gas to consumers; and

Whereas it is the opinion of the city council that passage of this bill, or any similar legislation which has for its object the removal from the jurisdiction of the Federal Power Commission all production, gathering, processing, treating, and compressing in the producing field or in the vicinity of the producing field of natural gas, may well result in increased cost burdens to consumers of gas in the city of Minneapolis for the reason, among others, that the producing States, before such gas enters the pipelines, may levy substantial attribution and other charges, which charges may be included in the cost of gas to the consumers thereof; and

Whereas it is the opinion of the city council that requiring the Commission to fix a price according to the fair field formula may result in increased rates to consumers of natural gas in the city of Minneapolis; and

Whereas it is the opinion of the city council that the so-called Harris bill is not in the public interest: Now, therefore, be it

Resolved by the City Council of the City of Minneapolis, That it opposes the passage of the so-called Harris bill or any legislation having a similar object; Be it further

Resolved, That the city council of the city of Minneapolis requests the Members in Congress from Minnesota to exert their utmost efforts to defeat this bill; be it further

Resolved, That the city clerk be directed to submit forthwith a copy of this resolution to each Member of the United States Congress from the State of Minnesota.

SUGGESTED IMPROVEMENT OF TYPOGRAPHY OF CONGRESSIONAL REPORTS

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the RECORD a petition which I received from Washington and Lee University dealing with the need to improve the typography of congressional reports.

The petition and accompanying papers enclosed merit careful and serious attention by the Congress, and I ask that they be appropriately referred.

There being no objection, the petition and accompanying papers were referred to the Committee on Rules and Administration, and ordered to be printed in the RECORD, as follows:

A PETITION FOR IMPROVING THE TYPOGRAPHY OF CONGRESSIONAL REPORTS

BACKGROUND

1. The congressional committee has undergone an especially rapid development during the past 30 years. Committee hearings and reports are increasingly designed to provide broad background information. As a result committee reports have become increasingly significant publishing events, far transcending the earlier notion of the committee report as a working tool for legislators in their daily tasks.

2. Not only the more widely publicized reports such as the Watkins report, but also such documents as the reports of the Joint Committee on the Economic Report—especially the two recent ones entitled "United States Monetary Policy: Recent Thinking and Experience," and "Trends in Economic Growth"—are among the most important contributions to economics of the year. Should Senator DOUGLAS' projected background study of the stock market come to fruition, we may be sure that it will be one of the most significant documents of our day.

3. Such reports are major publishing events. They are directed to those outside the legislative branch as well as to working legislators. Documents of such importance should be designed to enlist interest rather than to repel interest.

4. The results of an inquiry directed to our Congressmen, a poll of the citizens of a small town, and the testimony of experts in the publishing field indicate that there is a widespread feeling that the type size, face, and format of congressional reports repel interest rather than enlist interest. Given the importance of these documents their significance outside Congress as well as inside, and the paramount need in a democracy to make every effort to provide for an informed citizenry, every effort should be made to determine whether improvements in readability may be made without significant increase in publishing costs.

5. The Public Printer has stated that "the general makeup and typography of congressional reports and hearings have been consistent since the First Congress. * * * Beginning in 1900, the present format was put into use, and is essentially the same today." During this time tremendous developments have been made in our knowledge of how to design a well-printed page which is also economic. Each of the executive branches has redesigned its typographical practices with a view to informing the general reader as well as administrators who must use these documents in their daily work. It should be possible for congressional committees to designate certain of their reports as being likely to have widespread public appeal and therefore meriting better typographical treatment than the average report or printed hearing.

6. For all these reasons we are requesting your support of the following petition.

PETITION

1. It is our request that the Joint Committee on Printing conduct an investigation to determine (a) the potential demand for congressional reports from individuals outside Congress and (b) the opinion of experts outside the Government Printing Office on the possibilities of improving the type size, face, and format of congressional reports, with a view to establishing a more attractive and a more easily readable form for congressional reports deemed likely to appeal to a wide public audience.

The following documents are submitted in support of this petition:

1. Results of congressional questionnaire.
2. Poll of townspeople of Lexington, Va.
3. Statement by Mr. E. E. Morsberger.
4. Statement by Prof. C. Harold Lauck.
5. Excerpts from congressional replies.

Results of congressional questionnaire

[Total number: 501 [1]]

Questions asked	Yes	No	Indefinite
1. Do you think that the format, type size, and type face make congressional reports difficult to read?	21	16	13
2. Do you think that the interest of the average person is discouraged by the format and type?	22	20	10
3. Do you think that improvements in the printing and design would increase interest in congressional reports?	25	18	10
4. Do you think that congressional reports should be designed to be read by the citizen as well as the working Congressman?	31	11	11
5. Do you know of any attempts to improve congressional reports?	3	39	13

[1] Due to the shift from fall to spring semesters it proved impossible to write all Representatives and Senators. Of the 100 Congressmen who responded to the questionnaire, 30 referred their questionnaires to Representative Burr P. Harrison, whose district includes Lexington, Va.

COMMENTS.—These answers show a remarkable proportion of the Congressmen who replied to our questionnaire think congressional reports hard to read and believe they should be redesigned to be made more readable.

Poll of Lexington, Va., townspeople

[Total number in poll: 151; average age: 46; number of males: 76; number of females: 75; education: grade school, 10; high school, 54; college, 38; unreported, 49]

Questions asked	Yes	Percent	No	Percent	Undecided; no answer
1. Are you acquainted with congressional reports?	51	33	92	60	8
2. Have you ever read a congressional report?	46	30	101	70	4
3. Would you be interested in reading a report, such as the Watkins report on Senator McCARTHY? [1]	72	49	64	42	15
4. Do you know how to get a congressional report?	65	43	71	49	15
5. Do you think the appearance is appealing?	43	28	97	63	11
6. Would you use congressional reports if they were more attractive?	62	40	64	42	25
7. Do you think something should be done to make them more appealing?	48	31	51	33	52

[1] This was used as an example only because it was assumed to be the congressional report the largest number of people might have known about.

COMMENTS: One of the most remarkable results of the poll is the indication from question No. 3 that something around 50 percent of our people might be interested in reading the most important or most publicized of the congressional reports; in this case the example used was the Watkins report. However, 63 percent thought them unattractive in appearance, and 40 percent believed they might be more interested in using them if they were more attractive.

Statement of E. E. Morsberger, assistant planning manager for Raymond Blattenberger, Public Printer, United States Government Printing Office:

"The general makeup and typography of congressional reports and hearings have been consistent since the First Congress. Until about 1848 reports were set in 10-point Scotch Roman, with page width of 4 inches. In addition, text was leaded: that is, with space of about one thirty-sixth of an inch between lines.

"From about 1848 to 1900, the page width was increased to 4⅝ inches, and the typeface was changed to text type of the period, but text was set solid. Beginning in 1900 the present format was put into use, and is essentially the same today. * * *

"Early printers designed the format for congressional printing, and it was accepted by the early Congresses. The typeface presently in use is regarded as most readable and practicable."

Statement by Prof. C. Harold Lauck, director, journalism laboratory, Washington and Lee University: "The legibility of many congressional publications is notoriously bad. * * * I believe the Government Printing Office could help some if they give some study to the matter, and get away from some of the hide-bound traditions regulating the typefaces and sizes used. For the most part I would think it would be necessary to increase not only the type size but also to add extra space between lines. * * * I know Mr. Blattenberger, with his wide background as a printer, would be agreeable provided the economics could be worked out. Of course, the changes I have suggested would increase costs since they would involve an increased number of pages but these are necessary for better understanding by both people and Congressmen."

EXCERPTS FROM CONGRESSIONAL REPLIES

Senate

"I have often wondered when somebody else would recognize the deficiencies."

"My answer to your first four questions is in the affirmative. On calling the Joint Committee on Printing, I find that a number of the Members of the Senate and House have communicated with them as a result of your letter and they are preparing a reply in response to your fifth question."

"It is my opinion that the insert material * * * is difficult to read. * * * It is my further belief * * * that the average person would not be encouraged by the format and type used in the subject reports. * * * I think changes in design might increase interest. * * * I am happy to advise you that, as a result of several letters of an almost identical nature to your own, the Public Printer of the United States has been requested to have the Division of Typography and Design make a thorough study."

House of Representatives

"There is no doubt that the present makeup and type styles used in publication of congressional documents gives a forbidding appearance to them. Much could probably be done to improve them without resorting to the techniques of the huckster. * * * Anything which would make a document more useful to a Member would also make it more useful to the interested citizen."

"My reply is in the affirmative. * * * I have talked with the members of the official reporters staff to House committees, and while they, too, apparently agree that there is room for improvement, I understand that nothing definite has been done lately. * * * I shall do all I can to improve the congressional reports in connection with the suggestions outlined in your letter."

"I definitely feel that the format, type size, type face, printing design, and similar qualities of congressional hearings and reports should be improved to the end that they become much more widely read. To my way of thinking, there is no more interesting reading material, in general, than that developed by the various committee hearings. Were this material more attractively printed and indexed I think it would be much more readily read. I feel that a great part of the strength of a democracy is due to citizen interest and participation. Anything we can do to increase this interest and participation should be done. To me, it follows we could easily increase participation by making printed matter connected with the legislative process more readable."

"Your questions * * * suggest some dissatisfaction. * * * I agree with you that an improvement well might be made."

"I think that congressional reports should be designed to be read by citizens as well as working Congressmen."

"I am inclined to think that the average person is discouraged by the makeup of the congressional reports."

"May I say * * * that I do believe that the format, type size, and type face make congressional reports difficult to read, and it would obviously follow that I, too, think the interest of the average person would be discouraged by all this. * * * I believe that some improvement would certainly make them more readable. * * * I do think that the average citizen should be encouraged to read many congressional reports, especially those of investigating committees."

"I think that improvement of the printing techniques of congressional reports would increase interest. * * * I do think someone should give the matter thought. You will hear from me further on this."

Submitted by:

JOHN HARVEY WHEELER,
Associate Professor of Political Science, Washington and Lee University.

REPORT OF THE JOINT COMMITTEE ON THE ECONOMIC REPORT (S. REPT. NO. 60)

Mr. DOUGLAS. Mr. President, pursuant to the Employment Act of 1946, section 5 (b) (3), I submit the following unanimous report of the Joint Committee on the Economic Report on the January 1955 Economic Report of the President, together with supplemental views filed by individual members of the committee. The report also contains a section on the economic outlook for 1955 prepared by the committee staff.

The statutory date for submission of this report is March 1. This year permission of the Congress was asked, and granted, to extend the date to March 15.

This report is the result of extensive executive sessions of the Joint Economic Committee. Our considerations were based upon lengthy hearings on the President's Economic Report covering the period January 24 to February 16. These 1,260 pages of testimony have been published, and may be obtained from the Superintendent of Documents for $3.50 a copy.

A limited supply of single copies of the Joint Economic Report are available for distribution through the committee offices. Additional copies may be obtained from the Superintendent of Documents, Government Printing Office, Washington 25, D. C., for 30 cents a copy.

I ask unanimous consent that the report be printed, with illustrations.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Illinois? The Chair hears none, and it is so ordered.

JUVENILE DELINQUENCY—INTERIM REPORT OF COMMITTEE ON THE JUDICIARY (S. REPT. NO. 61)

Mr. KEFAUVER, from the Committee on the Judiciary, pursuant to Senate Resolution 89, 83d Congress, 1st session, and Senate Resolution 190, 83d Congress, 2d session, relating to study of juvenile delinquency in the United States, submitted an interim report thereon, which was ordered to be printed, with an illustration.

COMIC BOOKS AND JUVENILE DELINQUENCY—INTERIM REPORT OF COMMITTEE ON THE JUDICIARY (S. REPT. NO. 62)

Mr. KEFAUVER, from the Committee on the Judiciary, pursuant to Senate Resolution 89, 83d Congress, 1st session, and Senate Resolution 190, 83d Congress, 2d session, submitted an interim report on comic books and juvenile delinquency, which was ordered to be printed.

REPORTS ON DISPOSITION OF EXECUTIVE PAPERS

Mr. JOHNSTON of South Carolina, from the Joint Select Committee on the Disposition of Executive Papers, to which were referred for examination and recommendation two lists of records transmitted to the Senate by the Archivist of the United States that appeared to have no permanent value or historical interest, submitted reports thereon, pursuant to law.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, March 14, 1955, he presented to the President of the United States the enrolled bill (S. 829) to authorize personnel of the Armed Forces to train for, attend, and participate in the second pan-American games, the seventh Olympic winter games, games of the XVI Olympiad, future pan-American games and Olympic games, and certain other international amateur sports competition, and for other purposes.

DOMESTIC TIN INDUSTRY—EXTENSION OF TIME FOR SUBMITTING REPORT

Mr. FULBRIGHT. Mr. President, under Senate Concurrent Resolution 79, 83d Congress, 2d session, it was stated to be the sense of the Congress that the tin smelter at Texas City, Tex., be continued in operation until June 30, 1955. The present law, unless modified by the Congress, remains in operation until June 30, 1956. In the meantime an appropriate committee of the Congress, to be designated, is to conduct a study of the desirability of maintaining a permanent domestic tin industry and the adequacy of our strategic stockpile of tin. The report back to the Congress was set for March 15, 1955.

Senate Resolution 254, 83d Congress, 2d session, considered and agreed to on June 1, 1954, subsequent to the date of passage of Senate Concurrent Resolution 79, provides that the Senate Committees

on Banking and Currency and Armed Services, acting jointly, conduct a study and investigation of the matters with respect to tin which were determined by section 1 (c) of Public Law 125, 80th Congress, and Senate Concurrent Resolution 79, 83d Congress, to be required to be studied and investigated by the Congress in the public interest and in the promotion of the common defense. Such study and investigation is to be completed and a report with respect thereto filed with the Senate not later than March 15, 1955.

The then chairman of the Banking and Currency and Armed Services Committees, the Senator from Indiana [Mr. CAPEHART] and the Senator from Massachusetts [Mr. SALTONSTALL] designated two staff members each to conduct the preliminary study. The staff group immediately contacted interested Government agencies and departments to set up a series of conferences to discuss the overall problem. Conferences were held with officials of the Federal Facilities Corporation—the operating agency for the Texas City tin smelter—ODM, GSA, the State Department, and the Bureau of Mines.

A series of questions were embodied in the letters sent to these Government agencies on January 6, 19, and 21, 1955. Responses to the letters have been received from all but two agencies, ODM and the State Department, and information is at hand to the effect that for understandable reasons these Government agencies will be unable to have their completed responses in the hands of the staff by the deadline date, which, of course, is tomorrow. Clearly, the staff is in no position to prepare any report to either committee when such significant phases of the study are missing. Moreover, after the staff study is presented to each committee, some reasonable length of time will be required for its perusal by committee members.

Under the foregoing circumstances, I ask unanimous consent that the time for submitting the report as directed by Senate Resolution 254 be extended from March 15, 1955, to April 1, 1955.

Mr. CARLSON. Mr. President, may I ask the distinguished Senator from Arkansas if I understand his request correctly? Do I understand that he is asking only for additional time in which to file the committee report?

Mr. FULBRIGHT. The Senator from Kansas is correct.

Mr. CARLSON. No funds are involved. Is that correct?

Mr. FULBRIGHT. No funds.

Mr. CARLSON. I have no objection.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HENNINGS:

S. 1414. A bill for the relief of James Edward Robinson; and

S. 1415. A bill for the relief of Anna Mertikas; to the Committee on the Judiciary.

By Mr. SMITH of New Jersey:

S. 1416. A bill for the relief of Joseph G. Ferrara; and

S. 1417. A bill for the relief of Hong Ban, also known as George Mon; to the Committee on the Judiciary.

By Mr. SMITH of New Jersey (for himself, Mr. PURTELL, and Mr. ALLOTT):

S. 1418. A bill to amend title IV of the Veterans' Readjustment Act; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. SMITH of New Jersey when he introduced the above bill, which appear under a separate heading.)

By Mr. PAYNE:

S. 1419. A bill to lower the age requirements with respect to optional retirement of persons serving in the Coast Guard who served in the former Lighthouse Service; to the Committee on Interstate and Foreign Commerce.

By Mr. FREAR:

S. 1420. A bill to provide that the daily ration of personnel in the Army, Navy, Marine Corps, Air Force, and Coast Guard shall include at least 1 quart of milk per day, and for other purposes; to the Committee on Armed Services.

By Mr. KEFAUVER:

S. 1421. A bill to liberalize the definition of "widow of a World War I veteran" governing the payment of compensation or pension; and

S. 1422. A bill to provide certain benefits for persons who served in the Armed Forces of the United States in Mexico or on its borders during the period beginning December 8, 1910, and ending April 6, 1917, and for other purposes; to the Committee on Finance.

S. 1423. A bill to prohibit certain acts and transactions with respect to gambling materials; to the Committee on the Judiciary.

(See the remarks of Mr. KEFAUVER when he introduced the last above-mentioned bill, which appear under a separate heading.)

S. 1424. A bill to amend the Civil Service Retirement Act of May 29, 1930, to provide annuities for widows of officers and employees separated from the service with title to deferred annuity who dies before having established a valid claim for annuity; to the Committee on Post Office and Civil Service.

By Mr. LANGER:

S. 1425. A bill for the relief of Hazel Anna Wolf; to the Committee on the Judiciary.

By Mr. THYE:

S. 1426. A bill to amend title IV of Public Law 815, 81st Congress, in order to extend the operation of such title and to authorize assistance to certain school districts providing free public education for children residing on Federal property situated outside such school districts; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. THYE when he introduced the above bill, which appear under a separate heading.)

By Mr. GREEN (for himself, Mr. BUSH, Mr. DOUGLAS, Mr. KENNEDY, Mr. PASTORE, Mr. PURTELL, and Mr. SALTONSTALL):

S. 1427. A bill to repeal certain legislation relating to the purchase of silver, and for other purposes; to the Committee on Banking and Currency.

(See the remarks of Mr. GREEN when he introduced the above bill, which appear under a separate heading.)

By Mr. THURMOND:

S. 1428. A bill for the relief of Lt. Comdr. Mortimer T. Clement, Medical Corps, United States Navy, retired; to the Committee on the Judiciary.

By Mr. KILGORE:

S. 1429. A bill for the relief of Rodolfo C. Delgado, Jesus M. Lagua, and Vicente D. Reynante;

S. 1430. A bill for the relief of Ernest W. Berry, Alaska Native Service school teacher;

S. 1431. A bill for the relief of McFarland Cockrill, and for other purposes; and

S. 1432. A bill for the relief of Mary J. McDougall; to the Committee on the Judiciary.

(See the remarks of Mr. KILGORE when he introduced the above bills, which appear under a separate heading.)

By Mr. SMATHERS:

S. 1433. A bill for the relief of Skevos N. Tsoukalas; to the Committee on the Judiciary.

By Mr. AIKEN:

S. 1434. A bill to amend the act of April 6, 1949, to extend the period for emergency assistance to farmers and stockmen; to the Committee on Agriculture and Forestry.

By Mr. BARKLEY:

S. 1435. A bill for the relief of Capt. Grady C. Stewart; to the Committee on the Judiciary.

By Mr. CLEMENTS (for himself, Mr. SCOTT, and Mr. SCHOEPPEL):

S. 1436. A bill to preserve the tobacco acreage history of farms which voluntarily withdraw from the production of tobacco, and to provide that the benefits of future increases in tobacco acreage allotments shall first be extended to farms on which there have been decreases in such allotments; to the Committee on Agriculture and Forestry.

By Mr. CAPEHART (for himself and Mr. CURTIS):

S. 1437. A bill to amend the Fair Labor Standards Act by clarifying the definition of "employee", and for other purposes; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. CAPEHART when he introduced the above bill, which appear under a separate heading.)

By Mr. HUMPHREY:

S. 1438. A bill for the relief of Corazon A. Manayan; to the Committee on the Judiciary.

S. 1439. A bill to amend title IV of Public Law 815, 81st Congress, in order to authorize assistance under such title to certain school districts providing free public education for children residing on Federal property situated outside such school districts; to the Committee on Labor and Public Welfare.

By Mr. STENNIS:

S. 1440. A bill relating to appointments to the Supreme Court; to the Committee on the Judiciary.

(See the remarks of Mr. STENNIS when he introduced the above bill, which appear under a separate heading.)

AMENDMENT OF VETERANS' READJUSTMENT ASSISTANCE ACT

Mr. SMITH of New Jersey. Mr. President, I introduce, for appropriate reference, a bill to amend the Veterans' Readjustment Assistance Act of 1952, by placing a limit on the time within which a veteran may be paid the special unemployment compensation benefits provided by title IV of the act.

Also sponsors of this bill are the Senator from Connecticut [Mr. PURTELL] and the Senator from Colorado [Mr. ALLOTT].

The President's budget message recommended a time limit of 3 years after the veteran's discharge or the date of enactment of such a time limit, whichever is later. The bill would carry out this recommendation and is a part of the legislative program of President Eisenhower and of the Department of Labor.

Veterans of the Korean war who do not have enough employment to qualify for unemployment-compensation benefits under a State law are entitled to receive total benefits of $26 a week for a maximum period of 26 weeks. Veterans

who do have enough employment to qualify for benefits under State unemployment compensation laws but whose State benefits are smaller either in duration or amount are entitled to supplemental benefits until they receive a total of $676, the equivalent of $26 for 26 weeks. The cost of this program is financed by the Federal Government.

The Presidential proclamation of January 1, 1955, provided that all benefits shall cease under this program on February 1, 1960. Although these benefits were primarily designed to assist veterans during the period of readjustment immediately following their discharge, there is no limit upon the time within which a veteran can be paid these special benefits during the period before 1960. A veteran discharged in 1953, for example, might still be eligible for these special benefits in 1959 or later even though he had fully qualified for benefits provided under State law. As a result, costs will continue to mount and records will have to be kept on each veteran until he has drawn the maximum amount.

Expenditures under this program are increasing as the number of eligible veterans increases. It is estimated that the enactment of this proposal would result in very substantial savings for fiscal 1959 and 1960 in addition to those savings which will result from the Presidential proclamation of January 1, 1955.

The bill proposes to amend the act to provide that an ex-serviceman shall not be eligible for these special benefits more than 3 years after his discharge or the effective date of the amendment, whichever is later, except where the veteran has pursued education and training or vocational rehabilitation programs provided by the act or regulations thereunder. In the latter case he may have an additional year after he has completed such a program, subject to the overall limitation of February 1, 1960.

A 3-year period should be sufficiently long to enable the veteran to make the adjustment from military to civilian life and to give him an opportunity to accumulate wage credits under the State program. The Servicemen's Readjustment Act of 1944, which provided unemployment compensation for World War II veterans, contained a time limitation of 2 years.

Mr. President, I ask unanimous consent that the text of this short bill be printed at the conclusion of my remarks.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 1418) to amend title IV of the Veterans' Readjustment Act, introduced by Mr. SMITH of New Jersey (for himself, Mr. PURTELL, and Mr. ALLOTT), was received, read twice by its title, referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That section 409 of title IV of the Veterans' Readjustment Assistance Act of 1952 is amended to read as follows:

"SEC. 409 (a). No compensation shall be paid under this title for any week commencing more than 3 years after the effective date of this amendment to this section or the effective date of the discharge or release prescribed in section 407 (a), whichever is the later date.

"(b) In the case of any veteran who has pursued a program of education or training under title II, a program of vocational rehabilitation under part VII of Veterans' Regulation numbered 1 (a), or a program of education or training under part VIII of Veterans' Regulation numbered 1 (a) for a period or periods in excess of 2 years after the 90th day after the date of enactment of this act, or after his discharge or release from active service, whichever is the later, no compensation shall be paid under this title for any week commencing more than 1 year after the termination of his program of education or training, or vocational rehabilitation, or 5 years after his discharge or release from active service, whichever is the earlier.

"(c) In no event shall compensation be paid under this title for any period after January 31, 1960."

PROHIBITION OF CERTAIN TRANSACTIONS RELATING TO GAMBLING MATERIALS

Mr. KEFAUVER. Mr. President, I introduce, for appropriate reference, a bill which would prohibit certain acts and transactions with respect to gambling materials. This bill would add important amendments to the Lottery Act and extend its provisions to other forms of gambling. The Lottery Act is a very comprehensive and effective piece of legislation, but even though lottery has been liberally construed by the courts, it is still primarily and almost exclusively an antilottery act. It is therefore necessary that some type of legislation be enacted to broaden the coverage of the Lottery Act. The bill which I introduce today would have the beneficial effect of giving the courts a stronger foundation on which to base their opinions as well as halting the interstate flow of such gambling devices as punchboards and pushcards which now move freely in interstate commerce. In this respect, I ask unanimous consent to introduce into the RECORD at this time a letter I recently received from the Honorable Arnold H. Olsen, attorney general of the State of Montana.

While the bill would close off the interstate commerce lanes as a means of transporting or transmitting gambling materials, great pains have been taken in drawing up the bill to safeguard bona fide fishing or recreational events as well as track racing events upon which betting is legal under applicable State laws. Safeguards have also been taken to protect our cherished freedom of the press by exempting from the provisions of the bill the importation and distribution of any foreign newspaper, pamphlet, or other publication distributed as a bona fide medium for news, information, or opinions in any foreign country.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The bill (S. 1423) to prohibit certain acts and transactions with respect to gambling materials, introduced by Mr. KEFAUVER, was received, read twice by its title, and referred to the Committee on the Judiciary.

The letter presented by Mr. KEFAUVER is as follows:

STATE OF MONTANA,
DEPARTMENT OF ATTORNEY GENERAL,
Helena, Mont., January 8, 1955

Senator ESTES KEFAUVER,
Senate Office Building,
Washington, D. C.

DEAR SENATOR KEFAUVER: I understand that the interstate crime legislation which you introduced in the United States Senate 2 years ago may be acted upon in this session. For the benefit of all law-enforcement officers everywhere, I hope that all the measures become law, and I want to congratulate you again on your determined fight for their enactment.

I would like to suggest an amendment to present Federal law which, I believe, would cause a sizable reduction in commercialized gambling. The act of January 2, 1951 (64 Stat. 1134), cut off the interstate traffic in slot machines and other types of coin-operated gambling devices. It has been a tremendous help in curbing gambling. However, many professional gamblers immediately transferred their operations to punch-and-pull boards, which are also illegal in most States, but are smaller, easier to conceal, and may still move in interstate commerce. It is far more difficult to stop punchboard operations, since it is very difficult to confiscate enough of them at any one time to cripple the operation.

If the Slot Machine Act could be widened to include punchboards, a big avenue of gambling revenue could be closed immediately. Once the interstate shipment ceased, the traffic would stop automatically because a punchboard, unlike a slot machine, can only be used once.

Thanks again for your leadership in the fight on organized crime.

With kindest personal regards, I am,

Very truly yours,

ARNOLD H. OLSEN,
Attorney General.

ASSISTANCE TO CERTAIN SCHOOL DISTRICTS

Mr. THYE. Mr. President, I introduce, for appropriate reference, a bill to amend title IV of Public Law 815, 81st Congress, in order to extend the operation of such title and to authorize assistance to certain school districts providing free public education for children residing on Federal property situated outside such school districts. I ask unanimous consent that a statement, prepared by me, together with a letter from B. Alden Lillywhite, Associate Director for Federally Affected Areas, be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the statement and letter will be printed in the RECORD.

The bill (S. 1426) to amend title IV of Public Law 815, 81st Congress, in order to extend the operation of such title and to authorize assistance to certain school districts providing free public education for children residing on Federal property situated outside such school districts, introduced by Mr. THYE, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

The statement and letter, presented by Mr. THYE, are as follows:

STATEMENT BY SENATOR THYE

I am introducing a bill to provide amendments to title IV, Public Law 815, 81st Con-

gress, in order to extend the operation of such title and to authorize assistance to certain school districts providing free public education for children residing on Federal property situated outside such school districts.

The bill would provide for a 1-year extension for making agreements for assistance under title IV, which relates to assistance to school districts which have large enrollments of children living on tax-exempt Federal property.

Secondly, it would permit the Commissioner of Education to consider applications of school districts which are voluntarily educating Indian children living outside of those districts and which cannot, therefore, meet the residence requirements for eligibility for assistance in school construction under the present act.

There are a number of school districts, including several in Minnesota, which were not able to meet the deadline for applications for Federal aid for construction, which was set for December 24, 1954, under title IV.

The bill which I have introduced would provide that the closing date for Federal assistance, which is now June 30, 1955, would be extended to June 30, 1956.

This would permit the Office of Education to make a closing date for applications on possibly January 15, 1956, and thus enable these districts to comply with the requirements and receive the assistance to which they are otherwise entitled under the policies laid down by Congress for assistance in meeting the school construction needs in these federally affected districts.

The change in date would also conform to other present provisions of Public Law 815, as amended, where the final period is now a year beyond that provided under title IV.

The second provision of the bill is intended to cure situations where school districts are qualified for assistance but are unable to comply with one of the requirements; namely, that the Indian children must reside on property within the district upon which no taxes are collectible for support of the schools.

I have been informed by the division for federally affected schools of the Office of Education that there are 8 or 10 such districts in the United States.

These districts have large enrollments of Indian children who come from other districts where no secondary schools are maintained and where it would be impractical and uneconomical to establish them.

If the school districts now receiving these children should subsequently be unable to take them, it would mean that a much larger outlay of funds would be necessary, including the primary obligation of the Federal Government, if new schools were to be set up.

In order that the objectives sought by this amendment may be clearly indicated, I wish to cite the three districts in Minnesota with which I am familiar, although there are other similar situations in several other States.

These three districts are: Joint Independent Consolidated District No. 1, at Mahnomen, where there are 77 Indian high school pupils from the Naytahwaush Indian community; Joint Independent Consolidated District No. 2, at Waubun, in Mahnomen County, where there are 76 Indian high school pupils from the White Earth Indian reservation; and the school at Orr, St. Louis County unorganized territory, where 70 nonresident Indian high school pupils are enrolled from the Nett Lake Indian reservation.

Each of these schools would be entitled to Federal aid of approximately $100,000 for construction purposes except for the residence requirement of the present law.

The matter is more fully explained in a letter which I have received from Mr. B. Alden Lillywhite, Associate Director for Federally Affected Areas.

(See exhibit A.)

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I believe that in all fairness these amendments should be adopted and these districts permitted to receive assistance in line with the objectives which Congress has sought to achieve by the program of Federal assistance under Public Law 815.

The proposed changes would not require any additional authorization for appropriations or any additional appropriation of funds.

There will be sufficient funds under the program already authorized to take care of their nominal needs.

Adoption of this bill would, therefore, merely correct limitations in the present act and make it apply to all school districts where the problem of education of our Indian children must be met.

EXHIBIT A

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
March 10, 1955.

Hon. EDWARD J. THYE,
United States Senate.

DEAR SENATOR THYE: Reference is made to your telephone request concerning the status and possible eligibility of the application for three school districts in northern Minnesota under the provisions of Public Law 815, as amended. You ask for some specific information about these districts. The districts are:

Project No.	Name of applicant	Number of Indian high school pupils from other districts
54-C-404..	Joint Independent Consolidated District No. 1, Mahnomen County.	77
54-C-405..	Joint Independent Consolidated District No. 2, Mahnomen County.	76
54-C-40...	County Board of Education for Unorganized Territory, St. Louis County.	70

We regret to inform you that under the existing act, all three of these districts are ineligible for a Federal grant. The applications are based on federally connected children residing on Federal property outside the boundaries of the school districts. Section 401 (a) sets up four criteria for eligibility in this type of school district. These districts meet all of the criteria except one, and they all fail to meet this particular one. This section reads as follows:

"If the Commissioner determines with respect to any local educational agency that * * * the immunity of such Federal property to taxation by such agency has created a substantial and continuing impairment of its ability to finance needed school facilities * * * he may provide the additional assistance necessary to enable such agency to provide such facilities."

In order to be eligible under the above section, a district must meet one or the other of these two conditions, (1) the Federal property upon which the parents of the children reside must be within the boundaries of the district and thus being tax exempt impair the district's ability to finance needed school facilities, (2) the district must be required by State law or regulations to accept and provide facilities for such children living on Federal property (outside the district) and thus impair the district's ability by forcing it to provide facilities for children for whom no tax revenue is provided.

We have been informed by the Minnesota State Department of Education that these pupils reside in districts of small enrollment that do not maintain high schools and the State because of their size would not encourage their so doing, yet there is nothing in the Minnesota law which requires the receiving district to accept such children. Therefore, it appears that the applications of these three districts do not meet the above quoted provisions under section 401 (a) of Public Law 815, as amended, and are therefore not eligible for Federal assistance. Some, if not all, of these districts indicated that in order to provide for the increase in their own resident pupils, it will probably be necessary for them in the near future to exclude nonresidents from their schools.

We appreciate your interest in this situation and if there is any further information which we can supply, we shall be happy to do so.

Sincerely yours,

B. ALDEN LILLYWHITE,
Associate Director for Federally Affected Areas.

Mr. THYE. Mr. President, I also ask unanimous consent that a letter, addressed to me by Harold E. Hanson, Superintendent of Schools of Cass County, Minn., and a letter which I have just received from Commissioner Brownell, which is a reply to Mr. Hanson's letter, and relates to a school district in Minnesota which filed application too late for consideration, be printed in the RECORD at this point. These letters indicate the need for extension of title IV, as provided in the bill I have introduced.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

BOARD OF EDUCATION,
UNORGANIZED SCHOOL DISTRICT,
Cass County, Walker, Minn.,
February 14, 1955.

Senator EDWARD THYE,
Washington, D. C.

DEAR SENATOR THYE: We, the Board of Education of the Unorganized Territory of Cass County, acting in behalf of its residents, ask that you support special legislation in this session to continue Public Law 815, title 4. The previous board failed to act on this matter prior to the dateline of December 31, 1954.

In the event that the law is not continued and we cannot apply under it, we would like to submit for your kind consideration and approval, a request to help us secure Federal funds to assist in building a much-needed high school in Federal Dam, Minn.

This high-school area around Bena, Federal Dam, and Boy River is composed mainly of Federal forest lands, Indian lands, and tax-forfeited lands.

At the present time a very inadequate high school is located at Boy River, Minn. This small three-room high school is all that we have to serve students from Bena, Federal Dam, and Boy River. Most of our buses travel over 75 miles per day over extremely rough roads to transport the youngsters to this school. The housing is simply inadequate. They have no physical education facilities, no vocational training, no home economics, no shower facilities, no business training, very poor lunch facilities, and practically no library at all. About 75 high-school students, grades 9–12, are attending at this time. Of these, approximately 36 percent are of Indian blood.

Too many children in this area drop out of school as soon as they reach the legal age. As is obvious, our holding power is practically nil as we have nothing attractive enough to offer them. Many other students transfer out to other private or public schools at their parents' own expense to obtain enriched curriculum courses. Of course, the majority of parents with limited finances are forced to expose their children to inadequate schooling being offered. Opportunities for equal education is strictly nonexistent for this area.

The problem is acute. Unless better educational facilities will be offered to these people, the patrons of a portion of this area are going to demand to be annexed to an adjoining district. Much of the only valuable tax property in our district will be taken with them leaving the remainder of the unorganized district in still worse shape. The patrons remaining in the inner area would be forced to send their children to another school entailing still further travel, perhaps boarding out. We do not feel that it is the intention of our representatives and Congressmen to force the youngsters of high-school age out of their homes, inadequately educate them, nor expose them to undue hardships to reach school.

We of the unorganized territory of Cass County are in a peculiar financial and physical position. We are limited by Minnesota law 123.52 in the unorganized territory in that the total bonded indebtedness shall at no time exceed 7½ percent of our assessed valuation. Since our assessed valuation is about $900,000, the maximum that we could bond for would be $67,500. However, it would not be possible to raise this amount nor would it be practical to do so. The Federal Dam, Bena, Boy River area that would be benefited by this proposed building constitutes about 33 percent of our territory. The schools in existence in the remaining parts of the unorganized will be in need of buildings in the near future. Were we to go to the limit of our indebtedness at this time, nothing could be done for the other residents in our territory for quite some time.

Since 36 percent of our school population in the proposed building area is of Indian extraction, we feel that Federal funds, allocated for this purpose can be obtained to help us obtain this much needed school building.

We are willing to do our share and certainly will cooperate with you in every way to do what is necessary to expedite this matter. The need is great and we know that we can count on your help. May we hear from you?

Yours sincerely,

HAROLD E. HANSON,
County Superintendent, Cass County Schools.

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
March 14, 1955.

Hon. EDWARD J. THYE,
United States Senate.

DEAR SENATOR THYE: This is in reply to your letter of February 16, 1955, transmitting a letter from Mr. Harold E. Hanson, superintendent of Cass County Schools, Walker, Minn., regarding Federal assistance for that school district under title IV, Public Law 815, as amended.

The Cass County School District failed to make application for assistance under section 401 of Public Law 815, as amended by Public Law 246, before the deadline date for receipt of applications, December 31, 1954. You ask if it would be administratively feasible to advance the deadline date originally established to some future date so that this district as well as others could file the applications.

This amendment added a provision, title IV, specifically designed to meet the problem where large numbers of people, particularly Indian children, lived on nontaxable Federal lands and the school district was unable to provide school facilities for them by reason of the nontaxability of the Federal property. Title III of the act was not applicable to these situations because it required an increase in school enrollment due to Federal activities in order to establish eligibility. Title IV provided that no agreement shall be made to extend assistance under this section after June 30, 1955. This means that the final cutoff date for receipt of applications had to be established far enough in advance of the June 30 date to permit processing of the applications, preparation of preliminary plans and estimates of cost, obtaining the assurances required by the act, and giving final approval to the projects by that date.

School districts had from August 1953 to December 31, 1954, to file applications under the cutoff date that was set. This gave 6 months, before June 30, 1955, to process the applications and complete all the requirements of the act.

The school superintendent from Cass County wrote us after the December 31, 1954, deadline asking if we could accept an application after the deadline date had passed. We considered the matter very carefully to determine whether or not it would be possible to advance the deadline date to allow this and other school districts to make application. It was our judgment that it would not be practicable to revise the regulations to set a new and later cutoff date and still complete the assurances required by the act for approval of all projects by June 30, 1955.

Your interest in this program is appreciated. If you desire further information regarding this matter, we will be pleased to discuss it with you.

Sincerely yours,

S. M. BROWNELL,
Commissioner of Education.

REPEAL OF SILVER PURCHASE LAWS

Mr. GREEN. Mr. President, on behalf of myself, the senior Senator from Connecticut [Mr. BUSH], the Senator from Illinois [Mr. DOUGLAS], the junior Senator from Massachusetts [Mr. KENNEDY], my colleague, the junior Senator from Rhode Island [Mr. PASTORE], the junior Senator from Connecticut [Mr. PURTELL], and the senior Senator from Massachusetts [Mr. SALTONSTALL], I introduce a bill to repeal the silver purchase laws and ask that it be referred to the Committee on Banking and Currency.

Mr. President, the purpose of the bill is to stop the mandatory purchases of silver required by certain laws. This action was recommended in 1950 by a subcommittee on the Joint Committee on the Economic Report, composed of both Republicans and Democrats. This subcommittee, in questioning the leading economists, businessmen, and bankers in the country, found that the silver purchase laws were universally condemned by all who did not profit directly through them. This subcommittee concluded that the present monetary policy relative to silver is objectionable, unnecessary, and a net expense to the Government. They found also that it is inflationary, and defective as a subsidy program, aid being granted to producers of silver without any test as to need.

My own record in connection with the silver situation is perfectly clear. I sponsored the so-called Green Silver Act which enabled the silver industry to obtain silver for war purposes during World War II. I have previously sponsored legislation similar to that being introduced today.

The silver issue is bipartisan and it had been my hope that upon the advent of a Republican administration in 1952 the repeal of the silver purchase laws would receive immediate attention, particularly in view of the sound money program advocated at that time by the Republican Party. I was disappointed to find that the Treasury Department, which, under the Democratic administration had not hesitated to endorse the repeal of the Silver Purchase Act, under the Republican administration, took the position that under the conditions then existing such action would not be timely. It appears to me that enactment of legislation in the interest of sound money is always timely. I would be interested to learn if and why it would not be timely now.

I have listened for many years to the proponents of our present silver laws make glib statements that these laws enable the Treasury to make huge profits, and that the subsidy provided through these laws is necessary to support the producers of copper, lead, and zinc. Nothing could be further from the truth. In the daily statement of the United States Treasury on February 16, 1955, less than 4 weeks ago, there is shown as an asset 1,888,107,449.1 ounces of silver, valued at approximately $2,441,189,427.44. This valuation is based on the fiction that silver is worth approximately $1.29 per ounce. The New York market, which is the only place in this country where we can find a quotation, values silver at 85¼ cents per ounce. In other words, the Treasury is showing an asset of $831,577,827.08 which does not exist.

Not so long ago some Members of Congress became concerned as to whether or not all the gold that was supposed to be at Fort Knox could be accounted for. I wonder whether these same Members of Congress will be equally concerned to find that the United States Treasury, with reference to silver, shows an asset of nearly $1 billion which, in fact, does not exist. The truth of the matter is that the so-called profits which have been taken by the Treasury in accordance with the silver-purchase laws, have been taken as a result of a false valuation of silver. In fact, we do not know that this huge hoard of silver in the Treasury is worth even as much as 85¼ cents per ounce. No other nation in the world guarantees any price for silver. This absurd and unsound money situation is becoming worse each year by the purchase of millions of ounces of domestic silver.

The silver bloc has tried to justify continuation of the silver-purchase laws, regardless of their unsound monetary aspects, by the argument that a fixed subsidy price for silver is necessary to bolster the production of the other metals—copper, lead, and zinc. Nothing could be further from the truth. An analysis of the companies producing copper clearly shows that the subsidy price merely increases their profits. It is a windfall paid to the copper producers regardless of need. It is true that some of the lead and zinc producers have been in trouble due to recent low prices for these base metals. The administration took cognizance of this fact by buying lead and zinc for stockpiling purposes. Now there is a great deal of agitation among these producers for increased tariffs. In other words, the record clearly indicates that the problems of the

lead and zinc producers must be solved by methods other than the present silver-purchase laws.

In addition to adversely affecting our monetary system, the silver-purchase laws adversely affect the silver-using industry. This includes not only the manufacturers of silverware and holloware, but also the manufacturers of photographic paper, mirrors, pharmaceutical products, electrical contacts, silver-brazing alloys, and many other products using silver. With the Treasury paying above market prices for domestic silver, the silver-using industry is totally dependent on foreign supplies. This results in control of the silver market by Mexico and other silver-producing interests. This control has resulted in a price of 85¼ cents per ounce for silver in the New York market for a period of 2 years. This price has been maintained regardless of supply and demand. No other commodity has been so rigidly controlled.

My friends in the silver-using industry in Rhode Island and elsewhere in the United States never know when the insidious forces controlling the silver market will raise the price and threaten their existence. This proud industry has shown great fortitude and patience, in the hope and expectation that Congress will deliver them from the grip of these selfish interests. But even more than that, they are desirous of ending the unsound silver-monetary practices which affect not only the silver-using industry, but the entire Nation.

In sponsoring this bill it is my hope that the various departments and agencies of the Government will reexamine this matter of vital public concern. Particularly it is my hope that the Treasury Department will change its present attitude that a nonexistent asset of nearly $1 billion does not embarrass it at all.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 1427) to repeal certain legislation relating to the purchase of silver, and for other purposes, introduced by Mr. GREEN (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Banking and Currency.

SUNDRY BILLS FOR CONSIDERATION BY JUDICIARY COMMITTEE

Mr. KILGORE. Mr. President, I introduce, for appropriate reference, four bills which have been submitted by the Department of the Interior, the Secretary of the Army, the Department of the Army, and a second proposal by the Department of the Interior. I ask unanimous consent that there be printed in the RECORD to accompany each of these bills the letters forwarded with these proposals by the Department of the Interior, the Secretary of the Army, the Department of the Army, and the Department of the Interior.

The PRESIDENT pro tempore. The bills will be received and appropriately referred; and, without objection, the letters accompanying the bills will be printed in the RECORD.

The bills, introduced by Mr. KILGORE, were received, read twice by their titles, and referred to the Committee on the Judiciary, as follows:

S. 1429. A bill for the relief of Rodolfo C. Delgado, Jesus M. Lagua, and Vicente D. Reynante.

(The letter accompanying Senate bill 1429 is as follows:)

DEPARTMENT OF THE ARMY,
Washington, D. C., January 14, 1955.

Hon. RICHARD M. NIXON,
President of the Senate.

DEAR MR. PRESIDENT: There is inclosed herewith a draft of a bill to provide for the payment of certain claims for personal injuries arising out of activities of the Army, which the Department of the Army recommends be enacted into law. The submission of this legislation is in accordance with procedures approved by the Secretary of Defense.

The purpose of the proposed bill is to provide for the payment of certain claims that this Department believes to be meritorious and worthy of payment, which cannot be settled administratively.

These claims arose out of an automobile accident which occurred on Okinawa, Ryukyus, on May 5, 1950. On that date, a 1941 Ford sedan owned by Manuel R. Ocampo, address unknown, and operated by Rodolfo C. Delgado, in which Jesus M. Lagua and Vicente D. Reynante were passengers, was proceeding south on Highway No. 1, Machinato, Okinawa. A United States Army semi-tractor, hauling a 750-gallon water trailer, operated by an enlisted man on official business, was proceeding north on the same highway. As the two vehicles approached each other, the tongue of the trailer broke at a point where it had been welded, and the trailer, becoming disengaged, veered to the left side of the road and crashed into the Ford sedan. The civilian automobile was completely demolished and its occupants sustained serious personal injuries which are more fully described below.

Particulars with respect to each of the occupants of the civilian automobile are as follows:

Rodolfo C. Delgado, a native of the Republic of the Philippines, was born on April 17, 1928, and is currently residing at 183–C Camarines Street, Santa Cruz, Manila, Republic of the Philippines. At the time of the accident he was employed as a guard by the Rycom Central Exchange (a nonappropriated fund activity of the Army) in Okinawa at a biweekly rate of $51.50 and had been performing considerable overtime work. As a result of the accident, he was hospitalized in the 34th General Hospital, Okinawa, from May 5, 1950, to July 8, 1950, for a compound fracture of the left femur. He was then evacuated at the 1st Hospital Group, Clark Air Force Base, Republic of the Philippines. More than a year later, Lt. Col. Thomas H. Crouch, Chief of Surgical Service at that hospital, issued the following statement on July 23, 1951, regarding Mr. Delgado's injury:

"Open reduction of a compound comminuted fracture of the left femur was performed on August 2, 1950. This fracture of the left femur failed to unite, therefore an open reduction with bone graft taken from the right ilium and fixed by two bone plates was performed on January 10, 1951. The patient developed a chronic draining sinus at the upper end of the wound and was reoperated upon on May 17, 1951, and the bone plates and screws and one sequestrated piece of bone graft was removed and the wound was debrided and closed by primary suture. He was treated with multiple antibiotics and healing progressed without incident. He was fitted with a double-bar ischial weight-bearing brace and discharged from the hospital on June 19, 1951.

"ReX-rays taken on July 20, 1951, show progressive healing but the femur is not yet sufficiently healed to allow unsupported weight bearing on this leg. Operative scars are well healed. There is limitation of flexion and extension of the left knee and ankle. The permanence and degree of disability cannot be determined for at least another 6 months."

On December 29, 1950, Mr. Delgado filed a claim in the amount of $24,104.30 for the injuries he sustained in this accident, including the following:

"(a) For actual and necessary payments for hospitalization (the receipts are in my possession)	$256.80
(b) For further hospitalization	500.00
(c) For actual loss in wages from July 8, 1950, to date	669.50
(d) For loss in wages for 2 years during which I cannot resume profitable employment	2,768.00
(e) For loss in earning capacity on account of injuries sustained	10,000.00
(f) For moral damages for physical pain and suffering and extreme mental anguish	10,000.00
(g) Total	24,104.30"

In May 1953, Mr. Delgado had recovered sufficiently to do light work and obtained employment at Bagnio City, Republic of the Philippines, at an average monthly salary of ₱105 ($52.50). A physical examination, made on December 29, 1953, indicated the following:

"Disability, 25 percent, partial permanent, due to damage of the left femur associated with atrophy of the flexors, extensors, and lateral rotators of the left thigh. Patient is unable to perform work involving maximum stress on the left leg."

A subsequent physical examination made on January 11, 1954, showed that while his left leg was one-half inch shorter and was smaller in circumference than his right leg, Mr. Delgado had made a complete functional recovery with complete healing of the fracture and osteomyelitis. Although he stands with a slight pelvic tilt to the left, he walks well and without a limp, and can do any kind of work. The expenses actually incurred by him in connection with medical treatment and hospitalization appear to have totaled $460.65.

It is the view of the Department of the Army that Mr. Delgado should be compensated for his injury in a reasonable amount and that the payment of $8,000, composed of $460.65 for actual expenses incurred in connection with the injury, $4,490 for complete loss of earnings for 3 years, and partial loss until January 1954, and the balance for the very substantial amount of pain and suffering sustained is reasonable. Mr. Delgado has signified his willingness to settle his claim for this amount by executing a settlement agreement.

Jesus M. Lagua, a native of the Republic of the Philippines, currently residing at 16–B Perla Ext., Tondo, Manila, Republic of the Philippines, at the time of the accident also was employed as a guard by the Rycom Central Exchange. As a result of the accident he sustained a compound fracture of the left lower jaw and lacerations of the face and left eyebrow. He was hospitalized from May 5, 1950 to June 8, 1950 at the 34th General Hospital, Okinawa, and his face is permanently disfigured by two scars, one above the left eye and the other on the lower part of his face extending from a point centrally located between the lower lip and the chin to a point near the base of the left ear. An injury to the left eyelid prevents the normal functioning of the lid and makes it impossible for him to close his left eye

fully. On July 31, 1950, he filed a claim with the Department of the Army in the amount of $4,500, which he amended to the amount of $10,000 on January 27, 1951, because the malfunctioning of the left eyelid and the disfiguring scars had been found to be permanent. His hospital expenses amounted to $40.80 and he was unable to work for 26 days sustaining a loss of earnings in the amount of $176.51.

It is the view of the Department of the Army that Mr. Lagua reasonably may be compensated for this permanent injury and disfigurement by the payment of $2,000, composed of $40.80 for hospital expenses, $176.51 for loss of earnings, and the balance for pain and suffering, facial disfigurement and permanent injury. Mr. Lagua has signified his willingness to settle his claim for this amount by signing a settlement agreement.

Vicente D. Reynante, a native of the Republic of the Philippines, and currently residing at Kawit, Cavite, Republic of the Philippines, at the time of the accident similarly was employed by the Rycom Central Exchange as a guard. As a result of the accident he sustained injuries diagnosed as a scalp wound with temporary cerebral concussion. He was treated at the 34th General Hospital, Okinawa, from May 5, 1950, until May 10, 1950, when he was released with no apparent permanent disability.

His hospitalization expenses amounted to $6 and he sustained a loss of earnings in the amount of $38.25. On July 31, 1950, he filed a claim with the Department of the Army in the amount of $2,500 which was amended to the amount of $3,000 on March 31, 1951, because of headache and recurring dizziness.

It is the view of the Department of the Army that Mr. Reynante reasonably may be compensated for his injury by the payment of $500, composed of $6 for hospital expenses, $38.25 for loss of earnings and the balance for pain and suffering and any residual disability. Mr. Reynante has signified his willingness to settle his claim in this amount by the execution of a settlement agreement.

None of these claims could be considered under the provisions of the Foreign Claims Act (act of Jan. 2, 1942, 55 Stat. 880), as amended (31 U. S. C. 224d), as the claimants are natives of the Republic of the Philippines and could not be considered inhabitants of the Ryukyus. The claims could not be considered under the provisions of the Federal Tort Claims Act of 1946 (60 Stat. 842), as amended (28 U. S. C. 921–934), as they arose in a foreign country.

The only portions of these claims that could be considered under the provisions of the act of July 3, 1943 (57 Stat. 372), as amended (31 U. S. C. 223b), are those dealing with medical and hospital expenses actually incurred (Delgado, $460.65; Lagua, $40.80; Reynante, $6) because of the express limitation contained in that act. As all of these claimants were employees of the Rycom Exchange and were therefore treated at Army facilities, this element is a minor part of the claim in each case.

There is no other statute under which these claims may be paid.

The Congress, on occasion, has favorably considered bills to pay persons injured as a result of the activities of members of the Armed Forces of the United States who would have been paid under the Foreign Claims Act, supra, but for the fact that the injury occurred in a foreign country of which the claimant was not an inhabitant. The most recent case in point is Private Law No. 322, 83d Congress, for the relief of two natives of Austria, Franz Gerich and Willy Gerich, his minor son, who was injured in Czechoslovakia.

The total cost of the bill, if enacted, will be $10,500.

The Bureau of the Budget advises that there is no objection to the submission of the proposed legislation for the consideration of the Congress.

Sincerely yours,

ROBERT T. STEVENS,
Secretary of the Army.

S. 1430. A bill for the relief of Ernest W. Berry, Alaska Native Service schoolteacher.

(The letter accompanying Senate bill 1430 is as follows:)

UNITED STATES
DEPARTMENT OF THE INTERIOR,
Washington, D. C., January 17, 1955.

Hon. RICHARD M. NIXON,
President of the Senate,
Washington, D. C.

MY DEAR MR. PRESIDENT: Enclosed herewith is a draft of a proposed bill "For the relief of Ernest W. Berry, Alaska Native Service schoolteacher."

I request that the proposed bill be referred to the appropriate committee for consideration, and I recommend that it be enacted.

This bill would authorize an appropriation of $1,070 to be used in reimbursing Mr. Berry for the loss of provisions and personal effects through fire in Government quarters occupied by Mr. Berry at Unalakleet, Alaska. No insurance was carried by Mr. Berry due to the prohibitive insurance rates in effect in this isolated area. The fire occurred on the morning of December 15, 1946. The exact cause of the fire could not be determined but it originated in a chimney in the attic of the building. Immediately upon discovery of the fire, Mr. Berry, natives of the village and employees at the local station of the Civil Aeronautics Administration fought the fire with every firefighting facility available but were unable to extinguish it. The interior of the building of one and one-half stories was constructed of frame and plasterboard, which burned very rapidly. Most of the furnishings from the building were removed but because of the rapid spread of the fire, it was impossible to enter the kitchen and the basement and attic areas used as storage space. Personal property belonging to Mr. Berry which was in this space was destroyed. This included food supplies valued at $1,007 and personal effects, including clothing, valued at $63. The records of the local trader revealed that 3 days before the fire occurred Mr. Berry had purchased food supplies at an approximate cost of $1,050. Delivery of these supplies was made shortly before December 15. Enclosed is a copy of a voucher submitted by Mr. Berry, which itemizes the articles lost in the fire and their original cost.

During the 5-month period Mr. Berry had occupied the building he had tested and refilled the fire extinguishers in the building, and he had inspected and made minor repairs to the building. The fire was not due to any negligence or wrongful act or omission on the claimant's part or on the part of any employee of the Department; therefore, the claim could not be paid under the provision of the Federal Tort Claims Act (28 U. S. C. 2672) permitting administrative adjustment of claims. It is believed in view of the circumstances that Mr. Berry should be reimbursed for his loss of personal goods and effects. The delay in filing a claim for this loss appears to be due to his unfamiliarity with procedures in presenting a claim.

The Bureau of the Budget has advised that there is no objection to the presentation of this proposed bill to Congress.

Sincerely yours,

D. OTIS BEASLEY,
Administrative Assistant,
Secretary of the Interior.

S. 1431. A bill for the relief of McFarland Cockrill, and for other purposes.

(The letter accompanying Senate bill 1431 is as follows:)

DEPARTMENT OF THE ARMY,
Washington, D. C., February 9, 1955.

Hon. RICHARD M. NIXON,
President of the Senate.

DEAR MR. PRESIDENT: There is enclosed herewith a draft of a bill for the relief of McFarland Cockrill, and for other purposes. The submission of this proposed legislation is in accordance with procedures approved by the Secretary of Defense.

PURPOSE OF THE LEGISLATION

The purpose of the proposed legislation is to relieve Col. McFarland Cockrill, United States Army, retired, of all liability to refund civilian compensation received by him while employed by the Fort Sam Houston Golf Club and to authorize payment of certain Federal pay otherwise due him which has been withheld by the Government.

Colonel Cockrill, a resident of San Antonio, Tex., was retired from the United States Army on October 31, 1946, for physical disability incurred in line of duty. His service extended for over 30 years, primarily as a cavalry officer, and included 22 months in France in World War I and service throughout World War II.

On November 1, 1946, Colonel Cockrill accepted civilian employment with the Fort Sam Houston Golf Club, a nonappropriated fund activity. Due to his retirement for physical disability, his employment was exempt from the prohibitions of the so-called Dual Office Act (sec. 2, act of July 31, 1894 (28 Stat. 205), as amended (5 U. S. C. 62)). He was paid for his services the sum of $200 per month from November 1, 1946, through November 30, 1948, and $300 per month from December 1, 1948, until the termination of his employment with the club on December 15, 1951. He received annual retired pay during the period of $5,148. However, by letter addressed to Colonel Cockrill (FINCS–B 210 Cockrill, McFarland, 0 4 938) subject: Retired Pay, dated August 2, 1954, the Retired Pay Division informed him that he was due $3,622.64 on account of a readjustment of his retired pay retroactive to October 1, 1949, and that the amount was being withheld as an offset toward his indebtedness to the Government arising out of his employment by the Fort Sam Houston Golf Club. The funds from which Colonel Cockrill's salary was paid by the club was derived from dues received from the individual members of the club and revenues received from the club's various activities. No appropriated funds were involved in his salary.

The Comptroller General of the United States considered the dual compensation aspects of Colonel Cockrill's concurrent receipt of the mentioned compensation from the club and retired pay from the Army, and determined that such payments were illegal under the provisions of the so-called Economy Act (sec. 212, act of June 30, 1932 (47 Stat. 406), as amended (5 U. S. C. 59a; Public Law 300, 83d Cong.)). That officer's letter to Colonel Cockrill dated April 5, 1954, demanding refund of the full amount of his civilian compensation for the period in question reads, in part, as follows:

"The records of this office disclose that you are indebted to the United States on account of your employment in a civilian capacity as manager and caretaker of the Fort Sam Houston Golf Club, San Antonio, Tex., an Army officers' club, and an instrumentality of the United States Government, for which you received compensation in the total sum of $16,050, during the period from November 1, 1946, through December 15, 1951, when you also were receiving retired pay as an Army officer retired, at the rate of $412.50 per month.

"The payment as above stated was dual compensation within the prohibitory terms of section 212 of the act of June 30, 1932 (47

Stat. 406), as amended by section 3 of the act of July 15, 1940 (54 Stat. 761, 5 U. S. C. 59a), since your retired pay on account of services as a commissioned officer in the United States Army was at a rate in excess of an amount which, when combined with the annual rate of compensation from the civilian office involved makes the total rate more than $3,000 per annum. The act provides also, that when the retired pay amounts to or exceeds the rate of $3,000 per annum, the person shall be entitled to the pay of the civilian position or the retired pay, whichever he may elect.

"In view of the foregoing, and since it is assumed that you would elect to retain the larger amount, or the retired pay, on the basis of this assumption, the amount for refund is $16,050. Accordingly, you are requested to make full payment of said amount at this time or to submit an initial payment together with a definite plan for settlement of the balance within a reasonable period."

It is apparent that Colonel Cockrill and all other persons concerned at Fort Sam Houston were of the view that as he was retired for physical disability, the restrictions of the Economy Act like those of the Dual Office Act, were not applicable to his employment by the Fort Sam Houston Golf Club. Generally, officers retired for physical disability incurred in combat with an enemy of the United States or caused by an instrumentality of war are exempt from the prohibitions of the latter act. However, it appears that Colonel Cockrill's disability for which he was retired did not result from either of said causes. The record discloses that his employment was approved by the club's board of governors, the deputy post commander of Fort Sam Houston, and the commanding general of the Fourth Army, all of whom had knowledge of Colonel Cockrill's retired status. Throughout the period of his employment Colonel Cockrill frequently indicated his retired status in connection with his signature on business papers of the club, and apparently no exception was taken by auditors and other inspecting personnel who periodically examined the status of the club's affairs. Immediately on being informed of the views of the Comptroller General, Colonel Cockrill terminated his employment with the club.

COST AND BUDGET DATA

Enactment of this legislation would entail an expenditure of $3,622.64, the Federal pay due Colonel Cockrill which has been withheld as an offset toward his indebtedness to the Government of $16,050. It is important, however, to point out that the $16,050 Colonel Cockrill received from the Fort Sam Houston Golf Club was derived from nonappropriated funds rather than from funds appropriated by the Federal Government.

The Bureau of the Budget advises that there is no objection to the submission of the proposed legislation for the consideration of the Congress.

Sincerely yours,

ROBERT T. STEVENS,
Secretary of the Army.

S. 1432. A bill for the relief of Mary J. McDougall.

The letter accompanying Senate bill 1432 is as follows:

UNITED STATES
DEPARTMENT OF THE INTERIOR,
Washington, D. C., January 19, 1955.

Hon. RICHARD M. NIXON,
President of the Senate,
Washington, D. C.

MY DEAR MR. PRESIDENT: Enclosed is a draft of a proposed bill for the relief of Mary J. McDougall.

I suggest that the proposed bill be referred to the appropriate committee for consideration, and I recommend that it be enacted.

The bill would authorize the payment to Mary J. McDougall of the sum of $631.99 to reimburse her for the loss of her personal effects which were destroyed when the Government quarters which she was occupying at Napakiak, Alaska, burned to the ground on January 13, 1950. No insurance was carried by Miss McDougall due to the prohibitive insurance rates in effect in this isolated area. There is enclosed an itemized list of the property destroyed by the fire, showing the original cost of the property and its depreciated value.

The fire was apparently caused by spontaneous combustion due to overheating of the light plant which was located in a small room in the rear of the quarters. Investigation of the causes for the fire failed to indicate any negligence or wrongful act or omission on the claimant's part or on the part of any employee of the Department; therefore, the claim could not be paid under the provisions of the Federal Tort Claims Act (28 U. S. C. 2672) permitting administrative adjustment of claims. It is, therefore, recommended that favorable consideration be given to this proposed bill for the relief of Mary J. McDougall.

The Bureau of the Budget has advised that there is no objection to the presentation of this proposed bill to the Congress.

Sincerely yours,

D. OTIS BEASLEY,
Administrative Assistant, Secretary of the Interior.

CLARIFICATION OF DEFINITION OF "EMPLOYEE" IN FAIR LABOR STANDARDS ACT

Mr. CAPEHART. Mr. President, on behalf of myself and the Senator from Nebraska [Mr. CURTIS], I introduce, for appropriate reference, a bill to amend the Fair Labor Standards Act by clarifying the definition of "employee," and for other purposes. I ask unanimous consent that a list of reasons for the introduction of this bill may be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the list of reasons will be printed in the RECORD.

The bill (S. 1437) to amend the Fair Labor Standards Act by clarifying the definition of "employee" and for other purposes, introduced by Mr. CAPEHART (for himself and Mr. CURTIS) was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

The list of reasons for the introduction of Senate bill 1437, presented by Mr. CAPEHART, is as follows:

LIST OF REASONS FOR INTRODUCTION OF SENATE BILL 1437

1. The status of certain individuals who, since the enactment of the Fair Labor Standards Act have been regarded as independent contractors, is now rendered uncertain by reason of regional office activity of the Wage and Hour Division. Examples are: independent contract buyers of cream, poultry, and eggs and independent contract haulers in the dairy and other industries.

2. The same individuals are regarded as self-employed independent contractors under the Social Security Act. There is no reason for holding them to be employees under the Fair Labor Standards Act.

3. The proposed amendment is based upon the language of the Gearhart amendment to Social Security Act passed over President Truman veto in 1948 (Public Law 642, 80th Cong.).

4. Any attempt to apply the terms of the Fair Labor Standards Act to these unsupervised individuals would result in unfairness, confusion, and would be impractical administratively.

AMENDMENT OF RULE RELATING TO CONSIDERATION OF CONFERENCE REPORTS

Mr. LEHMAN. Mr. President, on behalf of myself and the Senator from Oregon [Mr. MORSE] I submit, for appropriate reference, a resolution proposing a change in the Rules of the Senate, dealing with Senate consideration of conference reports.

I ask unanimous consent that an explanatory statement, prepared by the Senator from Oregon [Mr. MORSE] and me, a listing of Senate Rules requiring that certain matters lie over for a period of time, together with two examples of Senate consideration of highly important conference reports during the last session, be printed at the conclusion of my remarks.

The PRESIDENT pro tempore. The resolution will be received and appropriately referred; and, without objection, the explanatory statement and others matters will be printed in the RECORD.

The resolution (S. Res. 77) submitted by Mr. LEHMAN (for himself and Mr. MORSE), was referred to the Committee on Rules and Administration, as follows:

Resolved, That paragraph 1 of rule XXVII of the Standing Rules of the Senate is amended to read as follows:

"1. The presentation of reports of committees of conference shall always be in order, except when the Journal is being read or a question of order, or a motion to adjourn is pending, or while the Senate is dividing. It shall not be in order to consider the report of a committee of conference until 1 calendar day has passed after the presentation of such report, and until the text of such report has been published in the CONGRESSIONAL RECORD or has otherwise been made available to Senators in printed form. Thereafter, the question of proceeding to the consideration of the report, if raised, shall be immediately put, and shall be determined without debate. No request to suspend this rule by unanimous consent shall be in order, unless immediately prior to the request it has been ascertained, by a rollcall ordered for such purpose, that a quorum of the Senate is present."

The explanatory statement and other matters, presented by Mr. LEHMAN, are as follows:

STATEMENTS BY SENATORS LEHMAN AND MORSE

We are today submitting a proposed change in the Senate Rules dealing with the consideration of conference reports by the Senate.

Our primary intention is to provide the Senate with a rule which would require the printing of every report from a conference committee, and for the report to lie over for 1 day prior to its consideration by the Senate.

We are moved to submit this proposal to the Senate in view of two outstanding instances during the last session of Congress when conference reports on the Atomic Energy Act of 1954 and the Communist Control Act of 1954 were jammed through the Senate without adequate notice. In both these instances there were no copies of the proposed changes and amendments reported

by the conference committee readily available to Senators, and no time was provided for adequate consideration and study of the important changes being proposed.

At the present time no Senator has any recourse in the Senate Rules by which he can insist on receiving a printed copy of a conference report, and there is no direct way by which even a limited time can be obtained for the study and analysis of the impact and content of changes proposed in pending legislation as the result of conference committee agreements.

We wish to avoid future situations which would require us to vote on measures vital to the interest of the United States on a moment's notice. We want to plug this gap in the Senate Rules, and protect our right to study fully the frequently new, detailed, and complex proposals which may be submitted to us by conference committees.

Under present Senate Rules there are at least 10 specific instances where bills and motions must lie over for a specified period of time in order that adequate study and consideration can be given them before we are called upon to vote. The House of Representatives has a rule which requires the printing of conference reports prior to House action, but the Senate Rules contain no such protection.

We are hopeful that after adequate study, the Senate will see fit to adopt our proposal as a modification of the Senate Rules, and thus enforce its great tradition of being the "greatest deliberative body in the world."

RULES OF THE SENATE REQUIRING A MATTER TO LIE OVER FOR A CERTAIN PERIOD OF TIME BEFORE CONSIDERATION

1. Rule XII (voting, etc.):

"SEC. 3. No request by a Senator for unanimous consent for the taking of a final vote on a specified date upon the passage of a bill or joint resolution shall be submitted to the Senate for agreement thereto until, upon a rollcall ordered for the purpose by the Presiding Officer, it shall be disclosed that a quorum of the Senate is present; and when a unanimous consent is thus given the same shall operate as the order of the Senate, but any unanimous consent may be revoked by another unanimous consent granted in the manner prescribed above upon 1 day's notice."

2. Rule XIV (bills, joint resolutions, and resolutions):

"SECTION 1. Whenever a bill or joint resolution shall be offered, its introduction shall, if objected to, be postponed for 1 day."

"SEC. 3. No bill or joint resolution shall be committed or amended until it shall have been twice read, after which it may be referred to a committee; bills and joint resolutions introduced on leave, and bills and joint resolutions from the House of Representatives, shall be read once, and may be read twice, on the same day, if not objected to, for reference, but shall not be considered on that day, nor debated, except for reference, unless by unanimous consent.

"SEC. 6. All resolutions shall lie over 1 day for consideration, unless by unanimous consent the Senate shall otherwise direct."

3. Rule XVI (amendments to appropriation bills):

"SEC. 3. All amendments to general appropriation bills moved by direction of a standing or select committee of the Senate, proposing to increase an appropriation already contained in the bill, or to add new items of appropriation, shall, at least 1 day before they are considered, be referred to the Committee on Appropriations, and when actually proposed to the bill no amendment proposing to increase the amount stated in such amendment shall be received; in like manner, amendments proposing new items of appropriation to river and harbor bills, establishing post roads, or proposing new post roads, shall, before being considered, be referred to the Committee on Public Works."

4. Rule XXII (precedence of motions):

"SEC. 2. Notwithstanding the provisions of rule III or rule VI or any other rule of the Senate, except subsection 3 of rule XXII, at any time a motion signed by 16 Senators, to bring to a close the debate upon any measure, motion, or other matter pending before the Senate, or the unfinished business, is presented to the Senate, the Presiding Officer shall at once state the motion to the Senate, and 1 hour after the Senate meets on the following calendar day but 1, he shall lay the motion before the Senate and direct that the Secretary call the roll, and, upon the ascertainment that a quorum is present, the Presiding Officer shall, without debate, submit to the Senate, by a yea-and-nay vote, the question: 'Is it the sense of the Senate that the debate shall be brought to a close.'"

5. Rule XXVI (reference to committees; motions to discharge, and reports of committees to lie over):

"SEC. 2. All reports of committees and motions to discharge a committee from the consideration of a subject, and all subjects from which a committee shall be discharged, shall lie over 1 day for consideration, unless by unanimous consent the Senate shall otherwise direct."

6. Rule XXXVII (executive session—proceedings on treaties):

"SEC. 1. When a treaty is reported from a committee with or without amendment, it shall, unless the Senate unanimously otherwise direct, lie 1 day for consideration; after which it may be read a second time and considered as in Committee of the Whole, when it shall be proceeded with by articles, and the amendments reported by the committee shall be first acted upon, after which other amendments may be proposed; and when through with, the proceedings had as in Committee of the Whole shall be reported to the Senate, when questions shall be, if the treaty be amended, 'Will the Senate concur in the amendments made in Committee of the Whole?' And the amendments may be taken separately, or in gross, if no Senator shall object; after which new amendments may be proposed. At any stage of such proceedings the Senate may remove the injunction of secrecy from the treaty, or proceed with its consideration in open executive session."

7. Rule XXXVIII (executive session—proceedings on nominations):

"SEC. 1. When nominations shall be made by the President of the United States to the Senate, they shall, unless otherwise ordered, be referred to appropriate committees; and the final question on every nomination shall be, 'Will the Senate advise and consent to this nomination?' which question shall not be put on the same day on which the nomination is received, nor on the day on which it may be reported by a committee, unless by unanimous consent."

8. Rule XL (suspension and amendment of the rules):

"No motion to suspend, modify, or amend any rule, or any part thereof, shall be in order, except on 1 day's notice in writing, specifying precisely the rule or part proposed to be suspended, modified, or amended, and the purpose thereof. Any rule may be suspended without notice by the unanimous consent of the Senate, except as otherwise provided in clause 1, rule XII."

H. R. 9757, 83D CONGRESS (THE ATOMIC ENERGY ACT)

The conference report (H. Rept. 2639) was submitted in the House and printed in the CONGRESSIONAL RECORD August 9, 1954,, (CONGRESSIONAL RECORD, vol. 100, pt. 10, pp. 13765–13779). This was rejected by the Senate August 13, 1954, (CONGRESSIONAL RECORD, vol. 100, pt. 11, pp. 14338–14364). Another conference report (H. Rept. 2666) was submitted in the House and printed in the CONGRESSIONAL RECORD August 16, 1954 (CONGRESSIONAL RECORD, vol. 100, pt. 11, pp. 14852–14867). It was submitted, read, and agreed to by the Senate August 16, 1954 (CONGRESSIONAL RECORD, vol. 100, pt. 11, pp. 14603–14606).

S. 3706, 83D CONGRESS (THE SUBVERSIVE ACTIVITIES CONTROL ACT)

The conference report (H. Rept. 2673) was submitted in the House and printed in the CONGRESSIONAL RECORD August 19, 1954 (CONGRESSIONAL RECORD, vol. 100, pt. 12, p. 15236). It was submitted, printed, and agreed to by the Senate August 19, 1954 (CONGRESSIONAL RECORD, vol. 100, pt. 12, pp. 15101–15121).

TAX RATE EXTENSION ACT OF 1955—AMENDMENT

Mr. GORE submitted an amendment, intended to be proposed by him, to the bill (H. R. 4259) to provide a 1-year extension of the existing corporate normal-tax rate and of certain existing excise-tax rates, and to provide a $20 credit against the individual income tax for each personal exemption, which was ordered to lie on the table and to be printed.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. KEFAUVER:

Address entitled "Let's Meet the Challenge of Our Times," delivered by him before the Greater New York Branch of the Atlantic Union Committee; on February 18, 1955.

Statement prepared by him entitled "Another Gas Bonanza," dealing with the action of the White House Committee on National Fuel Policy, with particular reference to the recommendation that the Federal Government remove itself from all regulation of field producers of gas; together with letter and table.

By Mr. WILEY:

Address delivered by him at the 60th anniversary banquet of the Sons of Norway, in New York City.

Articles on the future of Guatemala, written by Daniel James.

By Mr. CAPEHART:

Opening statement made by him on Walter Winchell's American Broadcasting Co. simulcast in New York, on Sunday, March 13, 1955, together with questions of Senator CAPEHART of Walter Winchell.

By Mr. BYRD:

Article entitled "Senator GEORGE—Monumental, Determined," written by William S. White, and published in the New York Times magazine of March 13, 1955.

REHABILITATION PROGRAM OF ALCHOLICS ANONYMOUS UNDER SUPERVISION OF THE MUNICIPAL COURT, DISTRICT OF COLUMBIA—ROBERT J. CONNER, SR.

Mr. HENNINGS. Mr. President, I ask unanimous consent to have printed in the RECORD, as part of my remarks, a report recently filed with the municipal court for the District of Columbia, de-

scribing the outstanding success of the rehabilitation program of Alcoholics Anonymous, conducted under the supervision of the municipal court. This program is carried out under the able and conscientious direction of Mr. Robert J. Conner, Sr., assistant director of probation. My colleagues will be interested to know that Mr. Conner is the father of young Bob Conner, Jr., supervisor of our Senate pages, whom all of us hold in sincere esteem and affection. After 7 years of service in the Senate, our diligent and always cheerful Bob Conner, Jr., will soon shoulder even heavier responsibilities as a member of our country's armed services. I am sure, Mr. President, that all of us join in commending and congratulating Bob on a job well done, and in wishing him God speed in this greater endeavor in his country's service.

We shall all miss him very much.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

THIS IS ALCOHOLICS ANONYMOUS IN OPERATION IN THE MUNICIPAL COURT FOR THE DISTRICT OF COLUMBIA

(By Robert J. Conner, Sr., Assistant Director of Probation)

This, the A. A. plan of rehabilitation, has conquered more drinking problems and finally set more men free from the bondages of dissipation than any plan yet devised. The A. A. program has shed more light on things, human and divine, than all philosophers and scholars combined. The program speaks such words of life as were never spoken before, produces effects which lie beyond the reach of the orator or the poet, and furnishes themes for more intelligent oration and discussions, learned volumes, works of art, and songs of praise than the entire army of great men of ancient and modern times.

There was never in this entire world a program so unpretendingly modest and lowly in its outward form and condition, yet producing such extraordinary effects upon men of all classes.

The annals of history furnish no other example of such complete and astounding success, in spite of the absence of material, social, literary and artistic powers and influences which are indispensable in the average plan of rehabilitation.

Characters are determined by what we look at, whether it be through the physical eye or the mind. We generally look at what we think about and we generally think about what we look at. Only in the light of deeds, character, and influence can this program be entirely understood and appreciated. It can be truly said of this plan, "It is the preserver, benefactor, and redeemer of mankind."

It would be good if it were possible to assess the true value of human happiness regained, dignity restored, and financial status improved.

The transformation from one degree of sobriety to another depends upon the consistency with which we keep our eyes fixed upon the master plan. Its truth is demonstrated in the overwhelmingly impressive record of A. A. in operation in the municipal court. The average alcoholic costs the taxpayer approximately $3,000 per year in terms of police, hospital treatment, and welfare expenses. But by our plan of recovery, the present method is not costing the taxpayer an additional penny. However, it is very true that a great deal of time and effort has been freely and voluntarily put forth by the members of A. A. and myself. The achievements are most gratifying to all of us who have contributed to this cause.

The following members of A. A. have voluntarily contributed so much of themselves to this cause: First, our friends, Jim F., Helen C., and Bill E.; and from the Cosmopolitan group, Bob H. and others. The above-mentioned members have been consistently helping us throughout the years. Without their assistance, we could not have attained what has been accomplished.

No man comes to us in an atmosphere of triumph, but full of human anguish, his fate trembling in the balance. If it were not for the excellent judicial temperament of this, our outstanding judiciary, the judgment might read, "Let the transgressor receive the punishment for his offense against society," and the offender would be left to perish in his own iniquities. But out of this crisis the unfortunates who come to us begin to see a ray of hope and a glimpse of a decent future. For these are among the contemplations that brought these men to the final, irrevocable decision to continue on the road to complete recovery.

The following is the record, not only in numbers, but in terms of living, human evidence of the success of this plan:

Beginning January 1, 1954, and through December 31, 1954, 164 probationers were referred to Alcoholics Anonymous who later made good. All had drinking problems. Some were chronic alcoholics; others had disintegrated to a point of apparently no return. Ten others violated their probation to the extent where it was necessary to request a revocation of their probation. Nine probationers are presently classified as absconders. Two probationers died during the past year. Ten persons have been referred to the probation office from other sources. Two of these came from hospital clinics, two from lawyers who had friends in need of help with their drinking problems, 1 from a physician, and 5 from other sources. Five of these voluntary referrals are still sober and consistently making progress in this program of rehabilitation.

One hundred and ninety-five represents the total number of individuals with whom we have attempted to work toward rehabilitation through the medium of A. A. As of December 31, we still have 164 people in the process of becoming normal, sober, self-sustaining individuals. Many of them now occupy respectable stations in life, socially, financially, and morally.

EXAMPLES

I. George T., colored male, 55 years old, had been employed at the United States Capitol for many years. He came to us through the District Court Probation Office after a conviction of manslaughter. He had been a social drinker for a number of years, who had been retrogressing for quite some time. While driving away from the curb in his Cadillac, he drove directly over a pedestrian and killed her instantly. Because his past record of employment and conduct was good, he was placed on probation for a period of 5 years. He finally became affiliated with A. A., first in this court and then in the Washington Negro group. Gradually but surely, he is working his way back to his normal position in life. He is still employed in the same capacity at the United States Capitol and regaining the respect of the people with whom he works. Thus, instead of serving a long period of time in the Department of Corrections, he is gradually working himself back into a decent way of living. A great transformation in this case has been recognized, not only by the people who work with him in the court and A. A., but by his friends and associates.

II. Gerald F., white male, 28 years old, was referred to us by a well-known and very prominent attorney, for the sole purpose of helping him to obtain gainful employment. When he arrived in the probation office, it was very obvious that he was not employable. He was sober; but he admitted being a chronic alcoholic. At the time, he was apparently desperately ill from the effects of drugs. He stated that he was a patient of a very well-known physician, who was treating him for a nervous disorder, and that his medication was sedatives. We advised him to discontinue the use of sedatives for a period of 30 days and to attempt rehabilitation through the medium of A. A. He responded by saying, "I've tried everything else, and nothing works, so I'll try your plan." He discontinued the use of the medication, attended A. A. meetings, and began to practice A. A. principles. At first, the withdrawal effects of the drugs were rather difficult to accept. However, he did cooperate. No effort was made to find him a job because of his physical and mental condition.

In a short time, I received a telephone call from Gerald's attorney, who rather indignantly stated, "I sent Gerald to you to help him find employment, but you declare him unemployable, advise him to join A. A., and disassociate him with his doctor. I don't appreciate what you've done." The attorney was very frankly advised that we were directing our efforts for his friend's personal benefit. He was further advised that we were not interested in his criticism. The young man continued following the advice given him in the A. A. program and he recovered. In less than 60 days we found him a job. Today he is doing his work in a normal way and living a happy, contented life without any medication whatever.

A few months after our last conversation with the attorney, he came to the probation office in person and stated, "your plan is working. I apologize for my attitude at the outset of this procedure. I had no idea that you would take the time and put forth the effort to help my friend as you have done, freely and voluntarily, and without compensation. There has been a marvelous transformation in Gerald's entire life. His outlook is constructive, and he is making progress in every direction. This is the most amazing plan of rehabilitation I have ever seen in operation. This young man has been a problem for many years, but today he is no problem. He is strictly on his own; he is at this time adequately supporting his family, something he has not done in years. I had to be shown that this plan would work because I had no idea there was such a facility for assisting the person who was mentally and physically as sick as Gerald was when I first saw him."

These examples are typical of hundreds of examples of rehabilitation through the medium of A. A.

THE FORMOSA RESOLUTION AND TREATY WITH CHIANG KAI-SHEK

Mr. LEHMAN. Mr. President, on a great many different occasions I have spoken on the subject of the Formosa resolution and treaty with Chiang Kai-shek, against both of which I voted. I have also inserted in the CONGRESSIONAL RECORD a number of thoughtful and informative articles by different writers, columnists, and public officials, pointing out the very dangerous mess into which we have permitted ourselves to be maneuvered. I ask unanimous consent to have printed in the body of the RECORD at this point in my remarks a most interesting article by the distinguished columnist, Drew Pearson, which appeared in this morning's Washington Post and Times Herald.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CHOU LAUGHS AT DULLES' WARNINGS

(By Drew Pearson)

The Burmese Government has given a confidential, highly important report to the State Department regarding an exchange between Chinese Foreign Minister Chou En-lai and Burmese Premier U Nu. It sheds shocking light on how our policy of waving the big stick has failed in the Far East.

The Burmese Premier told Chou quite recently that he was convinced the United States meant business and would now fight to defend Formosa and the surrounding area.

Chou En-lai's reply was a hearty laugh.

He said the United States had been cutting its military budget at the same time it was shaking the big stick and he just wasn't worried a bit.

Premier U Nu argued that he was certain the United States, despite various other retreats, was now ready to stand pat.

But the Chinese Foreign Minister continued to laugh.

Later the Burmese passed this on to us for whatever it was worth.

MASSIVE BLUFF

What Chou En-lai had in mind, of course, was the long series of "massive warnings" given by Secretary of State Dulles, Vice President Nixon, and the President himself, which in the Orient had been tabbed "massive bluff." Every time we have warned we have backed down in Indochina or withdrawn from the Tachen Islands or cut the budget further—as detailed in this column last week.

All this is partly why Secretary Dulles has been pounding conference tables behind closed doors in the Foreign Relations and Foreign Affairs Committees and stating with more vehemence than ever that the United States now means business, that we will not back down again.

At any rate, here are some of the backstage happenings that have taken place in quick succession since Dulles arrived from the Far East:

Dulles has definitely and positively recommended to Eisenhower that the United States defend the small offshore islands of Quemoy and Matsu. Hitherto he had been opposed.

Eisenhower, before making a final decision, has ordered the Joint Chiefs of Staff to review the military consequences of defending the two islands.

It seems strange that this was not done a long time ago. However, the Joint Chiefs have been meeting almost continually during the past week, and by the time this appears in print the review should be completed.

JOINT CHIEFS SPLIT

It will show, as indicated in earlier columns, a serious split inside the Joint Chiefs of Staff with Gen. Matt Ridgway, Army Chief of Staff, emphatically opposed to getting bogged down on the islands immediately adjacent to the Chinese mainland.

Ridgway argues that the islands are only 3 minutes' flying time from the mainland; that the Chinese could pepper our installations with both aerial bombs and artillery, make mincemeat of our defenses. He believes it would be folly of the worst kind to defend, that thousands of American troops would be lost, that instead we should evacuate Chiang Kai-shek's army immediately.

United States Naval reports are also disconcerting. Adm. Felix Stump, who's been looking over Matsu, is not much impressed with Chiang's makeshift defenses. He fears the 9,000 poorly trained troops on the island—if unsupported—could not hold out for more than a week.

THE REAL DECISION

All this boils down to the fact that there is only one way to defend these islands—the atom bomb.

The Army already has a store of small A-bombs on hand which can decimate troops without injuring civilians. This was hinted by Secretary Dulles in his backstage talks with Senators.

What President Eisenhower faces, therefore, is not a decision to defend a group of small islands off the Chinese mainland.

What he really faces is a momentous decision to drop the atom bomb for the first time since it was dropped during the closing days of the Japanese war 10 years ago.

Note: Use of the atom bomb on the Chinese mainland will, of course, send waves of propaganda hatred reverberating against us throughout Asia. Even if the bomb is confined to troops, the reaction will be just as bad as the reaction against the Kaiser when he authorized the use of poison gas in World War I. In contrast, the use of the boycott blockade, favorite weapon of the Oriental, would cause no bad backfire, would in the long run be more effective.

ANNIVERSARY OF HUNGARIAN INDEPENDENCE

Mr. LEHMAN. Mr. President, March 15 is to be celebrated in the United States as the anniversary of Hungarian independence from the rule of the Hapsburg monarchy.

I ask unanimous consent that a statement I have prepared in commemoration of this anniversary be printed in the RECORD at this point in my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR LEHMAN

March 15 marks the anniversary of Hungarian independence from under the rule of the Hapsburg monarchy.

Under the inspired and valiant leadership of Louis Kossuth, the Hungarian people threw off the yoke of foreign enslavement during the war of independence of 1848–49.

Today, the Hungarian people find themselves enslaved under the Communist tyranny. We in the United States, and in the free world, have a special obligation to give encouragement and hope to the fighters for freedom who keep the torch of liberty burning through the long nights of foreign occupation.

There are several specific things which we Americans can do to show our continuing concern for the eventual liberation of the Hungarian people. We should revise and liberalize our basic immigration and refugee laws, so that some of the escapees and refugees from Hungary can find permanent haven in the United States. We must press for the ratification of the Genocide Convention, in order to demonstrate to the world our conviction and determination that the destruction of national, racial, or religious groups must be placed beyond the pale of international law and punished accordingly. We must improve our foreign-information programs so that the voices of freedom will penetrate the barriers of the Iron Curtain.

It is through acts such as these that Americans will be fulfilling the fundamental principles for which our Nation was conceived, and for which many great Hungarian fighters for freedom have given their lives throughout history.

THE PROBLEM OF CIVIL DEFENSE

Mr. SALTONSTALL. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a statement made by Gov. Christian A. Herter, of Massachusetts, before the Senate Armed Services Subcommittee on Civil Defense on March 11, 1955. This is a brief statement, and a very clear one from the State point of view, on the very difficule subject of civil defense.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

TESTIMONY BY GOV. CHRISTIAN A. HERTER, OF MASSACHUSETTS, BEFORE THE SENATE ARMED SERVICES SUBCOMMITTEE ON CIVIL DEFENSE, WASHINGTON, D. C., MARCH 11, 1955

Like every other State in the Union, we in Massachusetts have been working very hard on that element of Civil Defense which would seem to be the most important with respect to the saving of lives; namely, the evacuation of target areas. Massachusetts is located in Federal Civil Defense Region I, an area comprising New York, New Jersey, and the New England States. It has a population of 30 million people, 22 million of whom live within designated critical target areas. Of the nearly 5 million people in Massachusetts, 3 million are within such target areas, and would have to be evacuated in the event of an attack.

I emphasize these figures by way of pointing up the fact that we are seriously disturbed by important gaps in our knowledge, which make it impossible to do intelligent planning or to give intelligent orders in the event of an attack.

In our evacuation planning, we are working on certain assumptions. First, we assume that the size of the nuclear missile used on a given target area will completely destroy the major part of that target area. Based on that assumption, we can make rough calculations as to the extent of the fall-out, but without immediate, accurate knowledge of the direction and velocity of the wind, particularly in the higher altitudes, it is impossible for us to predict immediately the fall-out area of danger, and, therefore, order any safe evacuation.

Our only Weather Bureau is located in Boston. Given advance warning, we can probably get the necessary information from the Weather Bureau quickly, but we believe that steps should be taken so that the Weather Bureau will be in a position to advise us at any time.

Secondly, if there should be a sneak attack which destroyed the Weather Bureau, we should know to whom to turn in order to secure this information, so that we could safeguard the areas outside the target area from the effects of fallout. We believe that Army or Air Force posts or the National Guard should be furnished with meteorological equipment so that they may be able to supply us with information very quickly. In view of the fact that a fallout pattern is likely to be a long, cigar-shaped one, knowing the direction of the wind in the upper altitude as well as its velocity is basic information that we must be assured of.

Thirdly, in order to make any plans with respect to the maintenance of law and order, we should know at once just what the status of the National Guard would be, either at the time of an alert or an actual attack.

At the present time, the National Guard has been given specific duties to perform by the Federal Government of a classified nature. These presuppose that the National Guard will be federalized immediately, and will therefore leave the States without any auxiliary aid for the enforcement of law and order other than our limited State police. A decision should be reached immediately at the highest levels as to whether or not the State could count on its National

Guard, and if so, for what period of time in order to assist in the emergency.

In the event that the decision by the Federal Government is to take over the National Guard so that it is no longer available to us, we should then be authorized to recruit immediately in conjunction with the National Guard an auxiliary force which would remain under the command of the respective Governors of the States. This would, of course, entail a great expense to the States, but it is preferable to being left comparatively helpless. Legislation covering this latter point is now pending before the Congress.

Fourth, we should have immediate information with regard to the elementary precautions which can quickly be taken by our citizens during a period of evacuation, as well as by those units, whether medical or military which may have to be ordered into an area subject to fallout.

For example, we have no idea whether or not raincoats are preferable to cloth coats, whether hands or faces should be kept covered, whether or not riding in an automobile with all windows closed provides a degree of protection, and whether or not radioactive particles permeate windows or the walls of buildings, or seep into cellars.

We should like to know how and in what way bulk foods such as grain, flour, and similar commodities, perishable foods and water supplies are to be protected. We should like to know whether we should stockpile foods such as K-rations or their equivalent. The matter of contaminated water is a very serious one and frankly, we have not been advised what to do about it except not to drink it.

At the present time, our National Guard does not own even one Geiger counter. The State owns a few which are in bad condition, which it could supply to specially trained teams which would be entering the affected areas.

In other words, it is impossible for us or, I believe, for any other State to make even the simplest advance preparation until we have the simple and basic information at hand about which I speak, both for our National Guard and for our citizens.

There are two other aspects of this problem that I want to discuss.

One is that the Federal Civil Defense Law was passed in 1951. That law placed the major share of the responsibility for civil defense upon the States. In the last 4 years, however, tests of the atomic bomb and the hydrogen bomb indicate that their potentials are infinitely greater than had been envisaged at the time the law was written. With a comparatively small State like Massachusetts, a major explosion and its resultant fall-out would go well beyond State lines. Similarly, attacks on target areas in other States might well carry fall-out and evacuation problems into the Commonwealth of Massachusetts. This means that Federal responsibility with respect to protection becomes much greater.

Let me be specific. I have recommended that we construct in Massachusetts an underground communications center, with auxiliary power, for the use of our civil defense command. Clearly, that communications center should have the facilities for maintaining contact with similar centers and Federal installations within and outside our own borders. This obviously means a degree of Federal responsibility. Here again, armed services installations of whatever nature can be of major importance, but until we know clearly what role they are expected to play, we cannot make our own plans. In addition, we should know what Federal help will be given the respective States in order to effect a coordinated program.

My last point has to do with roads. The program of accelerated building proposed by the Clay committee is an extremely important matter in relation to civil defense. In fact, the speed with which evacuation from urban centers can take place may well determine the fate of hundreds of thousands of people.

The proposed accelerated road program, with its emphasis on interstate and urban arterial facilities should, I believe, be advanced with the greatest speed. I also feel that the importance of these roads to civil defense fully justifies a borrowing program as against any pay-as-you-go program because of the time element involved. This is a matter in which the views of the Armed Services Committee and our military commanders who can evaluate all the factors, ought to carry great weight with the Congress of the United States.

ROLL-BACK BY ADMINISTRATION OF PRICES ON PEANUTS ALREADY BELOW PARITY

Mr. HILL. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement I have prepared on the roll-back by the administration on March 9, 1955, of the prices on peanuts, which are already below parity.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HILL

THE ADMINISTRATION BY ITS ORDER OF MARCH 9 ROLLS BACK PRICES ON PEANUTS ALREADY BELOW PARITY

The administration has rolled back prices—already below parity—on the Nation's peanut growers by its order of March 9 increasing the import quota 51 million pounds at import fees which will permit peanuts to come into the United States below the domestic market price.

The administration has previously pulled down the minimum levels to which most farm commodities can fall in the free market by imposing the sliding scale of price supports. Now it has moved to drag down the price of an agricultural commodity that has managed to move up to 92 percent of parity average price to farmers.

I am now studying amendments to section 22 of the Agricultural Adjustment Act which will prevent any repetition of the use of importations to beat farm prices down below a fair, parity level to farmers. It was never intended nor contemplated that section 22 would be so used. Our farmers and all Members of Congress should be made aware of the significance of this peanut import order because it reveals administration policy to claimp a lid on farmers' prices if they flex upward toward parity—and even to drag them back down before they reach the parity level.

This same sort of action can be taken in relation to cotton, corn, wheat, rice, tobacco, dairy products, feed, livestock and other commodities following the present precedent.

The Government called on farmers to vastly increase peanut production during World War II and farmers responded with production well over a million tons a year.

Since the end of the war, peanut producers have taken repeated cuts in acreage as well as in price. As a result of acreage restriction and drought, the 1954 crop and carryover from the previous year totaled an estimated 652,000 tons and was nearly in balance with use, estimated at 636,000 tons. This would leave a smaller year-end carryover than in any recent year.

Peanut prices advanced to approximately 92 percent of parity average. Farmers with fewer peanuts to sell must get better prices. Their incomes already have been reduced back to depression levels by administration farm policy.

Certain big candy makers and other manufacturers of peanut products petitioned the Tariff Commission to increase import quotas, complaining against prices. The import quotas have now been raised to admit 51 million pounds of foreign-grown peanuts, on terms which will permit them to sell at 5 or 6 cents a pound below the current price of American peanuts.

I am advised that peanuts are being bought abroad as low as 11 cents per pound delivered to the United States. Adding 7 cents per pound regular duty and 2 cents special fee, will bring the cost of imported peanuts to 20 or 21 cents per pound compared to domestic prices, on a comparable shelled and cleaned basis, of up to 26 cents per pound.

The market effect is obvious. Farmers who have not yet disposed of their stocks will have their price dragged down and their opportunity to get somewhere near a parity price for their small crops will be taken away. Shellers who have bought stocks from farmers at prices in line with the objectives of the price-support program, and are now caught with them, will also suffer as the cheaper peanuts come on the market.

Besides injuring the farmers who now hold stocks, the administration action will seriously disrupt marketing for all peanut raisers in future years because shellers will be reluctant to buy from American farmers and carry stocks. In view of the administration's policy of rolling back farm prices, shellers will consider it unsafe to have stocks on hand.

All farmers have a stake in what has happened to peanuts. The same thing can happen to any other farm commodity.

This precedent makes clear a readiness on the part of the administration not only to lower price-support floors so farm products can drop to a fraction of a fair, parity level, but to clamp low ceilings on them—even to roll back prices before they can reach 100 percent of parity in the market place.

This is another shocking example of the administration's disregard for the pledges it made farmers in the 1952 campaign. Farmers were led to believe during the campaign that the Republicans would boost price supports to 100 percent of parity—full parity. After the election, the pledges were explained to mean that the administration favored lower floors but still wanted farmers to get 100 percent of parity in the market place.

Now that 1 of the 6 basic farm commodities has approached 100 percent in the market place, the administration has promptly knocked the free market into a cocked hat, changed the rules in the middle of the marketing year and let imports pour in to depress market prices and insure that farmers cannot get 100 percent of parity in the market.

THE ADMINISTRATION ROAD-BUILDING PLAN

Mr. BYRD. Mr. President, I ask unanimous consent to have printed in the body of the RECORD several editorials relating to the new road-building plan as presented by the administration.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Duncan, (Okla.) Banner of January 21, 1955]

TODAY'S COMMENT

Senator HARRY BYRD, of Virginia, has one idea about the tremendous Federal road building program for the next 10 years that probably just about every Oklahoman would go along with if BYRD can get the plan adopted.

It's a good idea as far as all 48 States are concerned. Not all of them, however, are as highway conscious as Oklahoma right now, so it is questionable how far BYRD's suggestion may get in Congress.

The Virginia Senator thinks the Federal Government should drop the present Federal tax it collects on gasoline, and allow the States to collect it instead. That would increase State collections but not the amount paid by motorists.

When Uncle Sam collects a gas tax, and then returns it to the States, some of the collections go for overhead and otherwise get lost before being returned. So not all of the Federal tax comes back to the States.

Not so with the States if they took over the same per-gallon tax now going to Washington. The States already have their overhead, and it would not be increased by adding a little to the amount of the tax.

That's all right as far as it goes. BYRD complicates the situation, and gets right back to where he started, by proposing that the Federal Government, under a new bill, should start collecting half a cent a gallon to pay for the huge Federal 10-year highway construction program.

His proposal, he thinks, would finance the Federal program on a pay-as-you-go basis. It must be financed in one way or another, so perhaps that method would suit the man who pays for a tankful of gas.

BYRD's proposal has two merits. It probably would be a 10-year deal to pay for the big Federal program. That would eventually take the Federal Government out of a field it entered when States already were taxing gasoline to build highways.

Meanwhile, the States would be collecting the amount now going to Washington, spending it on State highways, and getting full value instead of part value since there would be no lost revenue involved.

So (1) the Federal Government would be out of the gasoline tax field when the 10-year program is completed, and (2) more money would go for highways, with less overhead.

A third advantage is that the objective of the Federal program would be retained: Faster construction of more and better highways as proposed by President Eisenhower would still be assured.

In the end, it could mean a little higher gasoline tax for the next 10 years. But motorists would be getting highways for their money; not a penny of it would be diverted except for costs involved regardless.

We like the idea of paying as we go, especially when that money could be spent only for what the highway users want, to meet the needs of twice as many vehicles on the road as there were before World War II.

[From the Toledo (Ohio) Times of January 17, 1955]

THAT ROAD PROGRAM

We have a notion that President Eisenhower's elaborate program for building a vast system of Federal-State highways will not be wholeheartedly accepted, even by some of the States which badly need new roads. In fact, we look for some pretty stiff opposition to it in Congress, chiefly in the Senate where Mr. HARRY F. BYRD, of Virginia, is sure to lead a fight against it, particularly its financing provisions.

There is no doubt that such a system of highways contemplated by the administration's report, submitted by Gen. Lucius D. Clay, would greatly benefit all the States and the Nation as a whole. Or that once launched, it would be a boon to the country's economy. Also, no one will dispute the administration's role in projecting the plan.

But there is sure to be objection to two phases of the program. First, there is the matter of financing. The program looks to an ultimate expenditure of $101 billion, but the Federal Government will put up no more than $35 billion, about 30 percent of the total. This leaves $66 billion for the States to provide, and that is where much of the trouble will develop.

More than one governor is likely to resist the temptation to accept a new allotment of Federal funds on a matching basis. State governments are not in a position to go very far these days in mounting new projects requiring huge expenditures. Ever since the war, the debts of all the States have been rising. So have their costs and taxes. The amount of revenue they contribute to the Federal Treasury has been going up every year, and their share in the distribution of Federal funds has not increased. Their sources of new revenue are scant, indeed nonexisitng in most instances.

Next, there is the provision for creating a Federal Highway Corporation to manage the Government's part in the expenditure. The reason for such a corporation is obvious, to wit: it can be given authority to issue its own bonds, and thus make it unnecessary for the administration to include them in any computation of the public debt. This is a dodge to keep within the statutory debt limit, which now gives the Government very little leeway for new enterprises.

This is the scheme that fills Senator BYRD with fight, for he is an unreconstructed opponent of all unsecured Federal bonds. He will be quick to point out that they will not be self-liquidating, and so will have to be serviced by annual appropriations from the revenues hauled in by the Treasury. In short, they would, in reality, be part of the debt.

[From the Akron (Ohio) Beacon Journal of January 17, 1955]

BYRD'S WARNING

Serious objections have been raised to the ingenious plan devised by a Presidential commission to finance Federal highway building.

Under the plan of the commission, headed by Gen. Lucius D. Clay, a Federal highway corporation would be formed for the purpose of floating $20 billion of bonds, which would not be considered part of the Federal budget and which would be retired from the 2-cent Federal gasoline tax. An additional $5 billion would be raised from fees paid by gasoline stations, motels, and other roadside businesses.

First to object to this scheme was the influential Senator HARRY F. BYRD, of Virginia, chairman of the Senate Finance Committee.

BYRD doesn't like the plan for two reasons. First, he thinks it would cost too much. He estimates that taxpayers would pay 55 cents interest on every borrowed dollar. Second, and perhaps more important, the Senator objects to the precedent-setting principle involved.

He contends the plan would completely destroy the budget and the Federal-debt limitations, adding, "If they can set up a corporation to borrow money outside the budget and the debt limit to build roads, they can do anything."

BYRD is right about that.

Everything considered, adoption of the plan may be desirable anyway, but Congress should understand fully that the proposal means a historic departure from fiscal practices of the past.

The need for highway improvements is unquestioned, but who would argue that Federal borrowing outside the budget can be justified for highway building and for nothing else?

[From the Charlotte (N. C.) Observer of January 18, 1955]

THE SOMETHING-FOR-NOTHING BOYS AT IT AGAIN ON HIGHWAY FINANCING

Senator BYRD, of Virginia, has come out with a blast against the proposed method of financing the strategic network of highways recommended by President Eisenhower in his state of the Union message. Mr. BYRD, we understand, is not against the highways as a defense measure, but only against the trick financing that some people—not the President—have suggested.

This scheme is to create a Government-owned corporation and let it issue bonds to finance the highways. That way, the sleight-of-hand bookkeepers say, the cost of the highways would not be a part of the public debt. It would be the corporation's debt.

But the Treasury would guarantee to pay to the corporation each year enough money to pay off the bonds. Further, the corporation could borrow from the Treasury as much as $5 billion in any year that it happened to need the money. It wouldn't be a part of the public debt. Oh, no. The corporation would owe the money.

Those who propose this scheme try to compare the corporation with turnpike and toll bridge authorities, but the comparison does not hold at all, because such authorities have their own revenue from tolls and are responsible for their own debts.

When the strategic network was recommended by the President, we approved it as a defense measure; for, in spite of all the soothing sirup being fed to the people, we are convinced that 1955 is going to be a year of dangerous crisis in international affairs, and we had better be ready for anything. The current propaganda recalls former President Truman's statement in May 1950 that the prospects for peace were never better. Within a month we were at war in Korea.

We hold to our original thesis: That the strategic network should be built as a defense measure, but corresponding reductions should be made in nonessential expenditures to avoid throwing the budget farther out of balance than it is.

No matter how it is disguised by trick bookkeeping, the cost of these roads is going to come out of the public till, one way or another. Let us build the strategic network and admit frankly that it is going to cost us plenty. Let us shave corners on other expenses to make up for it. But let us not fool ourselves that by juggling figures or creating dummy corporations we can get these roads for nothing.

[From the Kannapolis (N. C.) Independent of January 24, 1955]

THANK YOU, MR. BYRD

Senator HARRY F. BYRD, Democrat, Virginia, has offered two grave objections to the national highway plan presented to President Eisenhower by the National Advisory Committee and, in turn, offers a substitute plan designed to save taxpayers billions of dollars.

The Committee's recommendations fall generally in 2 parts: (1) Continuation of the regular Federal aid to highways at the rate of $623 million a year, and (2) expenditure during the next 10 years of an additional $25 million for the so-called interstate highway system. Federal expenditures on the 2 programs in 10 years would total $31 billion.

The Committee estimates the $25 billion would construct 40,000 road-miles designated by the Federal Government as interstate highway. This would be little more than 1 percent of all public-road mileage. The average would be about 800 miles per State. For all this the Committee recommends borrowing $20 billion at 3 percent interest and collection of $5 billion in fees from filling stations, motels, etc., operating on the rights-of-way.

If the 30-year taxable bonds recommended by the Committee can be sold at 3 percent, and if they are paid off on schedule—the last maturing in 1987—the interest would cost more than $11.5 billion. At this rate every dollar borrowed would cost taxpayers $1.55.

As a substitute highway plan, Senator BYRD makes the following recommendations:

1. That the 2-cent gasoline tax now being collected by the Federal Government be repealed, thus permitting the States to reimpose it.

2. Present Federal aid to primary, secondary, and urban road systems, which for many years has been integrated with State highway systems, be continued on the long-standing match basis. This amounts to $535 million.

3. That the lubricating-oil tax now collected by the Federal Government be continued.

4. A one-half-cent per gallon Federal gasoline tax. Revenue from the Federal lubricating-oil tax, according to estimates of increasing use, shortly will be sufficient to compensate the Federal Treasury for this Federal aid.

Under such a plan States would retain as much control over their roads as they have had in the past; $11.5 billion interest would be saved for additional road construction; and road revenue would be evenly distributed over future years to keep highways modernized to meet changing conditions.

Under the Committee plan principal and interest payments on the $20 billion bond issue would dry up gasoline-tax revenue for 20 years, from 1966 to 1987, with the exception of about $600 million, which is committed to matching funds of States for their primary, secondary, and urban systems.

Everyone recognizes the urgent need of road improvement to meet the constantly increasing impact of modern-day traffic and, if this can be accomplished without increasing the public debt, the plan submitted by Senator BYRD is certainly worth consideration.

[From the Winston-Salem (N. C.) Journal of January 20, 1955]

FEDERAL ROAD PROGRAM

The impressive highway-building program proposed by President Eisenhower's Advisory Commission on Highways gives the American people a broad conception of the Nation's problems and needs in this area. It suggests the spending of $101 billion for modernization and expansion over a 10-year period by the Federal Government, the States, and other agencies.

The Commission's plan already has drawn fire from a number of quarters. The American Automobile Association objects to its toll-road feature. And Senator BYRD, the Senate's watchdog on expenditures, vigorously opposes the program both from the standpoint of the Federal spending it entails and the element of Federal controls it involves.

The Clay committee plan provides that the Federal Government assume primary responsibility for the cost of a modern interstate network of arterial highways to be completed by 1964 at an annual cost of $2½ billion; that regular Federal aid to States for highways be continued at the rate authorized by the 1954 act; that Federal funds continue to be made available at the present rate to aid primary and secondary systems in urban areas not on the interstate system (about $75 million yearly), and that Federal funds for forest highways be continued at the present rate of $22½ million yearly.

The program embraces the creation of a Federal Highway Corporation empowered to issue bonds to finance the Federal share of the costs, and these bonds would be paid off by the revenue from Federal gasoline and oil taxes. Toll roads built to acceptable standards and meeting other standards which the highway corporation might establish could be included as segments of the interstate system. Under this plan the Federal Government's share in the overall highway program would be upped from the present 9 percent to 30 percent.

The plan is designed to create a strategic network of arterial highways covering some 40,000 miles and joining together 42 State capitals and 90 percent of all cities over 50,000 population. But Senator BYRD says that this would be little more than 1 percent of all public-road mileage, with the average being about 800 miles per State. "For this," he states, "the committee recommends borrowing $20 billion at 3 percent interest and collection of $5 billion in fees from filling stations, motels, etc., operating on the rights-of-way.

"If the 30-year taxable bonds recommended by the committee can be sold at 3 percent interest," BYRD continues, "and if they are paid off on schedule—the last maturing in 1987, the interest would cost more than $11½ billion. At this rate every dollar borrowed would cost taxpayers $1.55."

But BYRD insists experience shows that these bonds probably would not be paid off at maturity. He says that in effect we have not paid off a single dollar of Federal debt in the past 25 years. So one of the plan's effects would be to increase the Federal debt.

In lieu of the committee program Senator BYRD proposes that the Government continue its present matching fund aid program; continue its present lubricating-oil tax; and repeal the present 2-cent Federal gasoline tax, replacing it with a ½-cent per gallon Federal gasoline tax. Reduction of the Federal gasoline levy would enable the States to increase their gasoline levies, thereby giving them more highway-fund revenues. The lubricating-oil tax and the ½-cent Federal tax on gasoline would shortly raise enough revenue, according to estimates of increasing use, "to compensate the Federal Treasury for this Federal aid" to the States.

By almost common agreement the highways proposed by the Clay committee are needed or certainly will be needed within the next decade or so. What is the best method of obtaining them? That is the question for Congress and the country to decide.

[From the Rochester (N. Y.) Times-Union of January 17, 1955]

BYRD RIGHT AGAIN

The President's special message on a highway program is not due until January 27 which gives him time enough to consider Senator BYRD's completely valid criticisms.

The Virginia Senator describes the financing plan as one that "violates financing principles, defies budgetary control, and evades the Federal debt law."

It seems to us he is right on all counts. The scheme is to set up a Federal corporation to issue 20 billion in Government-guaranteed bonds, and retire them in 30 years from the proceeds of the Federal gasoline tax. In some strange way these bonds would not be reckoned as a part of the Federal debt.

This is certainly a subterfuge. The corporation has no assets except a part of the Government's taxing power. But taxing power is the only thing that secures any Federal debt. Hence the road bonds must be a part of the debt.

When the Roosevelt administration sought to split the budget into regular and emergency expenditures. Republicans readily saw through the subterfuge. They should be as clear-sighted now.

There should be only one set of books. If a second set is admitted, we shall soon have, as Senator BYRD notes, a third set for schools, a fourth for hospitals, and another for anything Government chooses to embark upon.

We hope the President will look at the financing end of this scheme carefully—and reject it.

[From the North Tonawanda (N. Y. News of January 28, 1955]

UNITED STATES ROAD PROGRAM

President Eisenhower's vast new road-building program encountered serious opposition in Congress even before its formal submission. One critic is Senator HARRY F. BYRD, Democrat, of Virginia, chairman of the Senate Finance Committee and economy watchdog of Capitol Hill.

As outlined in the report of the President's Advisory Committee on a National Highway Program, the 10-year plan concentrates on modernizing the key 40,000-mile National System of Interstate Highways. The Federal Government would continue for 10 years its regular aid to States, at the rate of about $600 million a year. The State and local governments would spend about $70 billion over the 10 years.

In addition to its regular contributions to State governments, the Federal Government would spend an additional $25 billion on interstate highways. Some $5 billion of this would come from licenses—filling stations, motels—on the rights-of-way. The remaining $20 billion would come from 30-year, 3-percent bonds issued by a Federal highway corporation.

These bonds, fully taxable, would be guaranteed by the United States Treasury, but the debt represented would not be included in the public debt under obligations guaranteed by the Government. Annual payments would be met by appropriations by Congress out of "the revenues which the Federal Government will derive from the motor vehicle fuel and lubricating oil taxes projected at the present rates.

Whether the Federal or State Governments are to bear the increased costs of an adequate highway system, our highways will have to carry some 80 million vehicles by 1974, according to the President's Commission. Its Chairman, Gen. Lucius D. Clay, told the National Conference on Highway Financing of the United States Chamber of Commerce on January 13: "We are indeed caught in a traffic jam, nationwise."

[From the Newburgh (N. Y.) News of January 21, 1955]

SUBTERFUGE IN UNITED STATES ROAD FINANCING

The President's special message on a highway program is not due until January 27, which gives him time enough to consider Senator BYRD's completely valid criticisms. The Virginia Senator describes the financing plan as one that "violates financing principles, defies budgetary control and evades the Federal debt law."

It seems to us he is right on all counts. The scheme is to set up a Federal corporation to issue $20 billion in Government-guaranteed bonds, and retire them in 30 years from proceeds of the Federal gasoline tax. In some strange way these bonds would not be reckoned as a part of the Federal debt.

This is certainly a subterfuge. The corporation would have no assets except a part of the Government's taxing power. But taxing power is the only thing that secures any Federal debt. Hence the road bonds must be a part of the debt.

QUALITIES OF CITIZENS OF NORTH DAKOTA

Mr. LANGER. Mr. President, upon various occasions I have been criticized because of my determination that the States which are small in population shall get a square deal in the matter of appointments. Some newspapers have

written long editorials which only show their ignorance of what one of the duties of a Senator from a State, small in population, is, namely, to see that the State gets a square deal.

Naturally, among the States I have fought for has been the State of North Dakota, and upon numerous occasions I have glorified the remarkable physical, mental, and esthetic qualities of its men and women—particularly the younger citizens. My colleagues will remember that last week, when the senior Senator from Wisconsin [Mr. WILEY] spoke about a young lady getting a second prize in some contest or other, he admitted that a North Dakota girl outranked the Wisconsin girl.

Today, I once more want briefly to mention the remarkable stamina of our North Dakota soldiers. Upon a previous occasion I have mentioned how, based on population, more soldiers from North Dakota have received Congressional Medals of Honor and other decorations than have those from any other State. Those soldiers got those decorations, because they earned them.

Illustrative of what the average North Dakota soldier can do, I am pleased to bring to the attention of the Senate an Associated Press dispatch, dated 4 days ago. I now read the dispatch:

TOKYO, March 10.—A small Japanese taxi ran into a large American soldier today with these results: windshield smashed, right fender torn off, front grill damaged, wheels wrenched awry, driver shaken.

Pvt. Charles Broxmeyer, 6 feet 4, 225 pounds, Bismarck, N. Dak., small facial bruise.

Of course, Mr. President, the soldier this taxi hit was a North Dakota soldier. He was not quite so large as the average North Dakota soldier. But Private Broxmeyer, who I know personally because he comes from Bismarck, N. Dak., and who is 6 feet, 4 inches tall and weighs 225 pounds, was the man who grappled and wrestled with the oncoming taxi. By some quirk of fate, Charles Broxmeyer—the AP dispatch says—received a small facial bruise. Undoubtedly, if this taxi had met up with a North Dakota soldier of average size, it could not have bruised the soldier's face. The citizens of Bismarck, N. Dak., will, likely, hang their heads in shame that there should be any marks on this young man. I have today written to Mr. Evan E. Lips, mayor of Bismarck, asking him to make a complete investigation of this incident, and I have also written a letter to President Dwight D. Eisenhower, making it clear to him that when administrative officials have a particularly hard project to accomplish—one that defies the capabilities of an ordinary citizen from any other State—in the moment of danger they consider all the North Dakota soldier boys who are available in the emergency. I have also recommended that when the next vacancy occurs in the Secret Service, Mr. Charles Broxmeyer, of Bismarck, N. Dak., be remembered.

Mr. President and Members of the Senate. I say "hail! hail! the saviors of the Nation—the boys from North Dakota."

STATE OF NEVADA LEGISLATURE OPPOSED TO EXTENSION OF 1934 TRADE AGREEMENTS ACT

Mr. MALONE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a list of the members of the Senate and the Assembly of the State of Nevada, which adopted a resolution opposing the extension of the 1934 Trade Agreements Act.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Nevada

Senator	Assemblymen
Ralph Lattin	Norman Shuey (R), C. B. Stark, Sr. (R).
Mahlon Brown	William B. Byrne (D), M. J. Christensen (D), E. J. (Ted) Dotson (D), William Embry (D), Maude Frazier (D), Tom Godbey (D), George Harmon (D), Stan Irwin (D), George Von Tobel (R).
Fred H. Settelmeyer	Henry W. Berrum (R).
Newton W. Crumley	Jack J. Hunter, Jr. (D), J. F. McElroy (D), Hugh D. McMullen (R), Robert O. Vaughn (R).
Harry Wiley	Henry G. Carlson (D).
E. C. (Ed) Leutzinger	Mr. Murray (R).
Richard M. Black	Lyle L. Ellison (R), Donald M. Leighton (D).
Rene W. Lemaire	William D. Swackhamer (D).
Roy R. Orr, Sr.	Cyril O. Bastian (D), Hazel Denton (D).
Walter Whitacre	Bruce Barnum (D), John F. Giomi (D).
Farrell L. Seevers	Charles A. Hendel (R), Keith L. Mount (D).
William J. Frank	Norman E. Hansen (R), Glenn H. Jones (D).
Kenneth F. Johnson	Archie Pozzi, Jr. (R), Richard L. Waters, Sr. (D).
W. G. (Glen) Emminger (R).	Thomas Ivers (D).
James M. Slattery	Michael R. Nevin (D).
Forest B. Lovelock	Gary J. Adams (R), Chester S. Christensen (D), Don Crawford (D), Manford I. Hardesty (D), Mabel (Mrs. C. V.) Isbell (R), Oscar D. Jepson (D), Thomas Kean (R), Rodney J. Reynolds (R), Clarence Ruedy (R), James E. Wood (R).
Charles Gallagher	A. C. Barr (D), L. M. Hose (D), Darwin Lambert (D), Max R. Wainwright (D).

BROADCAST BY WALTER WINCHELL REGARDING STOCK BUYING

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a transcript of Walter Winchell's broadcast over the ABC net work on March 13, 1955, at 9 o'clock p. m.

There being no objection, the broadcast was ordered to be printed in the RECORD, as follows:

Senator CAPEHART. Thank you, Mr. Winchell, for inviting me here tonight, and I came at your invitation because you said I could ask you any question that I might care to ask you. Now, I've got many questions to ask you here tonight, about what was said about you before the hearing in Washington, and about the facts in respect to the stocks that you have talked about over your broadcasts—in previous broadcasts. Now, if time permits, I want to get through all these questions, but if it does not, I'm going to, with your permission, give the balance of the questions to the press, and ask them that they print them, and then I hope that you, on Tuesday, will give us an answer to these questions in your column in the Mirror.

Mr. WINCHELL. I will do so, Senator. Senator, before you start, may I ask just one question: When you were chairman of the same Banking and Currency Committee in the Senate, Senator, I remember reading that you said something like this, that anyone who was disparaged or criticized before that committee would be given an opportunity immediately to speak in his own defense. Does that still go?

Senator CAPEHART. Well, I hope it goes, and I did say that, and I practiced it when I was chairman, and I think it's a fine thing for every committee in Washington to practice, and that is, when any man's name is mentioned disparagingly or he's—and he feels he's been injured—injured, that he ought to be permitted to immediately come before the committee and give his side of the story. I—I've pleaded that Senator FULBRIGHT would permit you to do that. I have urged him to do it, but I'm certain that he will. He ought to and I—, I just—he just should do it. There is no question about it.

Mr. WINCHELL. Well, I certainly hope so, Senator, and thank you for what you've said here tonight.

Senator CAPEHART. And I hope every committee down there adopts that policy, because it's a fine thing for every American to know, that if his name's mentioned before a committee, he could feel that he could go before that same committee and be heard.

Mr. WINCHELL. Thank you, very much. I am ready, Senator CAPEHART.

Senator CAPEHART. Now, Mr. Winchell, the first question I wish to ask you is this: Why should you or any radio or television commentator ever refer to a stock as a good or bad investment?

Mr. WINCHELL. Senator, I never recommend stocks. I never knock them, either. I never did it. I offer news in advance, most of the time, on the plans and the health and wealth of the companies listed on both stock exchanges. The president of the American Exchange testified before your committee that Winchell's market facts are accurate, and that I was not irresponsible.

Senator CAPEHART. Well, do you make a distinction between yourself and, say, the New York Times, that is, the financial pages, or the magazines, like Time and Life, and other commentators?

Mr. WINCHELL. Well, I feel, Senator, that they're in the business of reporting the news, and so am I.

Senator CAPEHART. In other words, you feel that you've done nothing more than what they do from time to time?

Mr. WINCHELL. That's right. I've taken some of the market news out of the New York Times and the Wall Street Journal, and the other papers.

Senator CAPEHART. Well, how many specific stocks have you mentioned on your broadcasts or telecasts?

Mr. WINCHELL. More than 50; 42 in 1954, and some in 1953, and of course in 1955. Once a week, at least.

Senator CAPEHART. Well, how and why did you select those particular stocks?

Mr. WINCHELL. Incidentally, I would like to again quote President McCormick's testimony. Before your committee, he said, we investigated and found Winchell was not inaccurate.

Senator CAPEHART. Have you or any member of your family ever been paid or received anything of value for mentioning any of these stocks, Mr. Winchell?

Mr. WINCHELL. No, sir. Nobody can ever reward me in any way, Senator, for any news that I publish or broadcast. If that were true, Senator, I think I'd be brought before some grand jury or the district attorney and in some jail by now.

Senator CAPEHART. Then your answer is that you've never taken anything of value from anybody in respect to——

Mr. WINCHELL (speaking at the same time). No, sir. I would like——

Senator CAPEHART. (A phrase covered over by Winchell). Stock.

Mr. WINCHELL. This is what I would like to get into the record, too. This is from the Associated Press, a few hours ago, from New York. It came off the ticker. An official of the Securities and Exchange Commission, that's for the United States Government, said today, "Walter Winchell was not 'guilty of violating any SEC regulations or law in giving out his so-called tips on securities.'" The official, whose name is Frank Purcell, New York regional director, said there was nothing incorrect in the information broadcast by Winchell, such as the recent mention of Pantepec Oil——

Senator CAPEHART. Let me—I want to ask you this question, now. Have you ever recommended to your listeners that they either purchase or sell any particular stock or stocks?

Mr. WINCHELL. Senator, I have never recommended it. I made a statement of fact.

Senator CAPEHART. Well, now, what about Pantepec, which was brought out in the hearings the other day in Washington the other day, and Amurex Oil Co.——

Mr. WINCHELL. Pardon me, Senator, Mr. McCormick testified about Pantepec as follows: "Winchell made no misstatements of fact, according to our investigation." Incidentally, I read that in the New York Times on the front page.

Senator CAPEHART. He did say this—I heard him say that, so I can vouch for that. He made that statement in my presence.

Mr. WINCHELL. Senator, I have a memo here I would like to add. In 1953 I reported advance news about Amurex Oil. That company denied it. After my news sent their stock up from 13 to over 20 points, their denial, according to your committee record, sent it down at once, falling back to 13, and—at the time, and I think lower, since. But Mr. McCormick testified, Senator CAPEHART, before the Fulbright investigating committee, that what Winchell said was accurate, and that the denial by the company was untrue. In short, they made me the goat. The newspapers didn't play up what Mr. McCormick testified. It was not in any headlines that Winchell was accurate and that the company made a false statement.

Senator CAPEHART. Well, now, Mr. Winchell, one more question here—many more, but one more right at this moment.

Mr. WINCHELL. Pardon me, Senator, they—we have to sell few——

Senator CAPEHART. I well understand that.

Mr. WINCHELL. Thank you very much.

* * * * *

Senator CAPEHART. Now, Mr. Winchell, what stocks have you or the members of your family purchased in the last 2 years, and did you purchase any of the stocks you mentioned on the air? That's the 40 or 50 stocks you mentioned on the air.

Mr. WINCHELL. Senator CAPEHART, I have never bought a stock—for myself. I did buy three securities, over 2 years ago—for my family. As a matter of fact, it happened when we were invited by the stock exchange; that is, the Runyon Fund was, of which I am the treasurer, to come down there. So, Marlene Dietrich, who is the director of the Runyon Fund; Jackie Gleason, who is also a member; and several other personalities from show business and television and radio and stage and screen; we were all down there to get these contributions from these very generous people. And just about 2 minutes before the gong sounded, I—and thanking them all, I said to the top executives, "Thanks very much. I'd like to return the compliment. I'd like to buy something around here. What are you fellows selling in this store?" And so, someone suggested A. T. & T., Du Pont, and General Electric and I bought $50,000 worth for my family's security.

Senator CAPEHART. That was over 2 years ago.

Mr. WINCHELL. Yes, sir. I've never mentioned them——

Senator CAPEHART. Now——

Mr. WINCHELL. Mentioned them in any way, except to explain to the people and anyone who wanted to know——

Senator CAPEHART. Now, one other question. What did you—did you ever suggest or infer to your listeners that a specific stock would go up or down in price?

Mr. WINCHELL. No, sir. I only recommended United States Government bonds, of which I have bought them in bunches. I have often said to the people in the paper and on the air, investigate before you invest.

Senator CAPEHART. Well, has any officer, director, employee, or stockholder of any corporation ever asked you to mention or plug any stock in which they were interested?

Mr. WINCHELL. Senator CAPEHART, I am not aware of any private financial interest in my news reports. No person even knows the name of any firm on the big or small board I intend to discuss Sunday nights. My sources see me Friday nights after the markets are closed. Sometimes not until Sunday night about curtain time. These sources usually tell me what the rumors are on Wall Street, what the touts, the tipsters, and the other phoneys down there claim I am going to say.

I can't stop that or them, Senator CAPEHART. When I hear what the rumors are, I of course do not mention that company. The answer is no. Incidentally, President McCormick of the American Stock Exchange testified that my market news was accurate, but that the rush of almost 500 thousand orders for Pantepec, or I think 493 thousand, gave Wall Street brokers a headache. Senator, I can remember when they all had a big heartache because there weren't any orders.

Senator CAPEHART. Has any statement about a stock that you ever made turned out to be wrong?

Mr. WINCHELL (interrupting, phrase of Winchell's lost). Senator, this old commercial thing again interrupts us.

* * * * *

Mr. WINCHELL. I beg your pardon. Since the Fulbright friendly inquiry started, the public has been very frightened. Last week the values of stocks slumped almost $7 billion because of the Fulbright committee. When I was Wall Street's best press-agent booster, plus signs were blooming almost everywhere. Incidentally, if I were going to buy anything, I would buy Tri-Continental common stock. It's, I understand, a very healthy and wealthy company.

Senator CAPEHART. Now, Mr. Winchell, one other question. Has any statement about a stock that you ever made turned out to be false? Now that's very important.

Mr. WINCHELL. Well, it's been testified before president—by President McCormick that I've never made a misstatement. I hope that's the answer. I don't know of any. I would like to know. I hope the SEC is continuing its investigation. And I'd like to know the names of anyone who gave me any misleading or false information—I would press for criminal action.

Senator CAPEHART. One other question. Has any individual ever given you any stock tips, either orally, or in writing?

Mr. WINCHELL. Oh, yes sir. That's how I get my news.

Senator CAPEHART. They give you tips.

Mr. WINCHELL. I don't call them tips. I call them advance news. I try to tell the future plans of a company listed on both stock exchanges.

Senator CAPEHART. What's the difference between advance news and tips?

Mr. WINCHELL. Well, Senator, if it's a tip it's for a private circle, for private use. When I put it on the air—they estimate about 25 million or more listeners—it's no longer private. Everybody's heard it, or those who have listened to me—I think. That's advance news, sir. I once said about Missouri Pacific——

VOICE. Last line.

Mr. CAPEHART. If asked, Mr. Winchell, would you go to Washington and answer these questions under oath, and if so, will your answers—your answers be the same?

Mr. WINCHELL. I certainly will be glad to. I'd shout it from the rooftops, Senator CAPEHART, and thank you for what you've tried to do about it.

Senator CAPEHART. Then the answers under oath would be the same as the answers——

Mr. WINCHELL. Oh—oh, yes, of course.

PROPOSED VISIT OF COMMUNIST FARMERS TO THE UNITED STATES

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the RECORD a statement which I have prepared in reference to the proposed visit of Communist farmers to this country.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR CAPEHART

The hungry and the destitute are most susceptible to the doctrines of communism.

We have been taught that for years.

We have spent billions of dollars in all parts of the world to prevent the spread of communism by providing food and clothing and working tools to hungry and destitute peoples.

We did all this because we have been preaching and teaching that the doctrines of communism are bad.

We have convinced ourselves and millions of other people throughout the world that communism is an enemy of freedom.

Now, communism is failing in its own bailiwick.

People of Communist countries do not have food.

Are we to change our policies now and help to make communism successful?

Are we to teach the Communists how to keep their people well fed and happy under Communist rule?

Are we to aid and abet the Communist cause by inviting the Communist farmers to learn our methods of raising more food for the strengthening of the Communist cause?

Do we believe for one minute the people of Communist countries who benefit by such policies will be told that they will no longer be hungry because of the use of farming methods learned in the capitalist country of the United States?

I can remember the long years of depression in this country when Communist agitators roamed through our communities denouncing the capitalist system and blaming the American system of government for the plight of those who were victims of the economic chaos of the time.

I remember well that every red-blooded American fought with all he had in him to fend off the onslaught of the Communists in those times of stress.

I have in my files speeches I made during those years encouraging our people to forego the preachings of the Communists.

I do not recall any effort by Russian Communist leaders at that time to offer help which would strengthen the belief of our people that freedom and Americanism were best.

Quite the contrary; they did all in their power to incite rioting and uneasiness among our people against their form of Government.

Perhaps the plan to invite Communist farmers to this country to assist them in learning ways and means of enlarging production can be classified as a friendly gesture on our part.

Let me refer to an article authored by our present Secretary of State, John Foster Dulles, as it appeared in the Reader's Digest in August 1946.

Mr. Dulles at that time wrote:

" 'Friendly,' in Russian, is a word of approval reserved for those who profess belief in Soviet ideals and who prove their sincerity by working to promote them.

"So interpreted, Soviet policy is admittedly intolerant. It seeks to eliminate what, to us, are the essentials of a free society. It seeks this with urgency because Soviet leaders believe that, until this is done, peace is in jeopardy."

Let me repeat that paragraph:

"So interpreted, Soviet policy is admittedly intolerant. It seeks to eliminate what, to us, are the essentials of a free society. It seeks this with urgency because Soviet leaders believe that, until this is done, peace is in jeopardy."

Let me quote Mr. Dulles further:

"Tolerance of non-Soviet thinking is, to them, dangerous weakness."

How about non-Soviet thinking in farming?

What is so different in the Soviet thinking today as to lead this same man, Mr. Dulles, into believing that the Communists will be tolerant?

Have they been tolerant in Korea, in Indochina, in China, in Europe, in the Middle East?

If they have, it has been well disguised as belligerency.

Since it is also being considered that editors of Communist newspapers are to be invited to come to the United States and be permitted to see, hear, and do as they please, I should like to quote further from Mr. Dulles' 1946 article.

"To the Soviet people the Iron Curtain is pictured as necessary defense against an unfriendly outer world.

"Soviet leaders welcome and, indeed, seek occasions which seem to show that such unfriendliness is habitual.

"At the San Francisco conference and at meetings of the assembly and security council of the United Nations, the Soviet delegation have almost always pressed their proposals to public debate and voting, even where defeat was inevitable."

Has there been any change in that procedure? I have noticed none; in fact, it has been accelerated.

Mr. Dulles further wrote:

"That makes it easier for them to dramatize, at home and to their followers abroad, what they call the 'unfriendly' and 'fascist' attitude of the outer world."

Are we expecting the visiting editors to return behind the Iron Curtain and in one fell swoop tell their people and their satellites that all they had written before was a pack of lies?

Of course not. Let's be sensible.

Mr. Dulles wrote a most interesting article in 1946 and it has proved him to be a prophet because events have proved him to be correct. Let me quote just once more from that article:

"When diplomacy or business takes Soviet nationals abroad, Soviet policy requires them to observe rigorously the thesis that Soviet 'democracy' cannot be tolerant of alien thinking."

Those, Mr. President, are most important words by a man who today must guide us in our diplomatic relations with Russia, and I certainly approve all his commentary.

He wrote further:

"Soviet diplomats and, indeed, all Soviet nationals abroad are not to mingle freely with those of opposite faith."

Except, perhaps, to help feed the unfortunates under Communist rule?

I am not one to turn my face from that of a hungry person.

I have been hungry many times in my life and didn't have a nickel for a hamburger (when they were a nickel).

That is not the problem.

We have been fighting for a principle. Our boys have died for that principle. We have men suffering in Communist prisons today because they believe in that principle.

We have burdened our people in peacetime to finance the fight for that principle.

Mr. Dulles wrote that the Soviet people are equally loyal to their principle.

I don't want to say coldly that these invitations are wrong.

I just want to say that it appears to me our policy toward communism is bordering a bit on the inconsistent.

PEACETIME PROSPERITY

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a statement which I have prepared concerning the fact that the United States is now enjoying the greatest peacetime prosperity in its history.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR CAPEHART

The United States is now enjoying the greatest peacetime prosperity in history, President Eisenhower's Republican administration has given the country a prosperity heretofore unknown during peacetime.

Yet last week stock market prices dropped $7 billion. It was the greatest stock market drop in 15 years. Why did the value of securities owned by the people decline $7 billion in 1 week?

This morning's New York Times reveals these statistics: retail department stores sales in the week ended March 5 were 15 percent greater than in the corresponding week last year; steel operations were 91 percent of capacity last week compared with 69 percent a year ago; motor vehicle production was 193,000 compared with 132,000 a year ago; oil production was 6.8 million barrels a day compared with 6.4 million barrels a day a year ago; building construction contracts were $1.5 billion compared with $1.2 billion a year ago; exports and imports are both up; industrial production is up; and unemployment is down by 300,000 from a year ago.

That healthy business picture in a growing nation like ours should keep stock prices up; then why did they go down $7 billion in 1 week—the greatest drop in 15 years. I do not know the answer; but I am reminded of those instances, prior to the time that the Federal Government guaranteed bank deposits, when people for their own purposes started a run on a solvent bank by spreading rumors about its solvency. Credit always depends on confidence. That applies to any business corporation, to the credit of the Federal Government, or to the stability of the stock market.

Our financial structure is built on confidence. Millions of us have purchased homes, automobiles, appliances, and other goods on credit. Few could pay those debts immediately if called upon now to do so; but those people have confidence in the future of our Nation.

I hope that there is no one person or any group who is trying to destroy or even to shake public confidence in the stability of the many corporations whose securities are listed on the stock exchanges. However, whether inadvertently or intentionally the end result has been a loss of $7 billion in 1 week.

I can think of no greater disservice to this Nation than to destroy public confidence in the financial stability of this Nation. Only those who must want to cause a business recession, create unemployment, and weaken our Nation would seek to precipitate a stock market decline.

I thoroughly believe, however, that if by irregularities or any improper methods anyone has, or is trying, to rig the market in any security and fleece ill informed investors they should be subjected both in the spotlight of public opinion and to vigorous prosecution. I am hopeful that the Senate Banking and Currency Committee will ferret out any such specific manipulations that may exist and expose them.

EXECUTIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of executive business, for action on nominations which appear on the Executive Calendar under the heading "New Reports."

The motion was agreed; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. MCNAMARA in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

The PRESIDING OFFICER. If there be no reports of committees, the nominations on the Executive Calendar under the heading "New Reports" will be stated.

NORTH ATLANTIC TREATY ORGANIZATION

The legislative clerk read the nomination of George W. Perkins to be the United States permanent representative on the Council of the North Atlantic Treaty Organization with the rank and status of Ambassador Extraordinary and Plenipotentiary.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

ATOMIC ENERGY COMMISSION

The legislative clerk read the nomination of John Von Neumann to be a member of the Atomic Energy Commission.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

SUPREME COURT OF THE UNITED STATES — NOMINATION PASSED OVER

The legislative clerk read the nomination of John Marshall Harlan to be an Associate Justice of the Supreme Court of the United States.

Mr. JOHNSON of Texas. Mr. President, I ask that that nomination may go over.

The PRESIDING OFFICER. Without objection, the nomination will be passed over.

DEPARTMENT OF DEFENSE

The legislative clerk read the nomination of Robert Tripp Ross to be an Assistant Secretary of Defense.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

FEDERAL COMMUNICATIONS COMMISSION

The legislative clerk read the nomination of George C. McConnaughey to be a member of the Federal Communications Commission.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

FEDERAL MARITIME BOARD

The legislative clerk read the nomination of Clarence G. Morse to be a member of the Federal Maritime Board.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES CIRCUIT JUDGE

The legislative clerk read the nomination of Ben F. Cameron to be a United States circuit judge, fifth district.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES DISTRICT JUDGES

The legislative clerk read the nomination of Gilbert H. Jertberg to be a United States district judge for the southern district of California.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of William E. Miller to be a United States district judge for the middle district of Tennessee.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES MARSHAL

The legislative clerk read the name of M. Frank Reid to be United States marshal for the western district of South Carolina.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES COAST GUARD

The legislative clerk proceeded to read sundry nominations in the United States Coast Guard.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Coast Guard nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the United States Coast Guard are confirmed en bloc.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the nominations in the Army be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Army are confirmed en bloc.

IN THE NAVY

The legislative clerk proceeded to read sundry nominations in the Navy.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the nominations in the Navy be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Navy are confirmed en bloc.

IN THE MARINE CORPS

The legislative clerk proceeded to read sundry nominations in the Marine Corps.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the nominations in the Marine Corps be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Marine Corps are confirmed en bloc.

COMPTROLLER GENERAL OF THE UNITED STATES—NOMINATION PASSED OVER

The legislative clerk read the nomination of Joseph Campbell to be Comptroller General of the United States.

Mr. JOHNSON of Texas. Mr. President, I ask that the nomination be passed over. I understand that a minority view will be filed on the nomination.

The PRESIDING OFFICER. Without objection, the nomination will be passed over.

UNITED STATES MARSHAL

The legislative clerk read the nomination of Curtis Clark to be United States marshal for the eastern district of Kentucky.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the President be notified of all nominations confirmed today.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

NOMINATIONS DEFERRED

Mr. LANGER. Mr. President, will the Senator from Texas yield for a question?

Mr. JOHNSON of Texas. I yield.

Mr. LANGER. I understand that the Harlan nomination and the Holmes nomination have not been considered. Can the majority leader inform the Senate when they will be considered?

Mr. JOHNSON of Texas. The Harlan nomination will be considered as soon as the Senate disposes of the tax bill.

Mr. LANGER. Today?

Mr. JOHNSON of Texas. No. Under the unanimous consent agreement entered into, the Senate will start voting on the tax bill tomorrow. A couple of days will elapse before the nomination will be considered.

Mr. LANGER. How about the Holmes nomination?

Mr. JOHNSON of Texas. No plans have been made with reference to that nomination.

Mr. LANGER. I thank the majority leader.

LEGISLATIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

COMMITTEE MEETING DURING SENATE SESSIONS

Mr. McCLELLAN. Mr. President, I ask unanimous consent that the Senate Permanent Subcommittee on Investigations of the Committee on Government Operations may be permitted to sit and hold hearings at any time during the remainder of this week while the Senate is in session.

Mr. SALTONSTALL. Mr. President, reserving the right to object, and I shall not object, I most respectfully ask the Senator from Arkansas, in view of the fact that the majority leader and the minority leader are not present, if he will confine his request to 1 day, to which request there would be no objection, and the Senator from Arkansas can make his request again tomorrow.

Mr. McCLELLAN. I ask unanimous consent, then, that the subcommittee be permitted to sit tomorrow.

Mr. SALTONSTALL. The Senator means today, does he not?

Mr. McCLELLAN. The subcommittee is not meeting today. I may say to the distinguished Senator from Massachusetts that hearings are scheduled for all week. Some of the witnesses are Army personnel and are stationed overseas, and we wish to expedite the hearings. Once hearings are started and we are assured of being able to sit in the afternoons, we can expedite them.

Mr. SALTONSTALL. Will the Senator yield further?

Mr. McCLELLAN. I yield.

Mr. SALTONSTALL. My only reason for raising any question at all is that, under the unanimous-consent agreement on the tax bill, there will be certain votes tomorrow, and I wondered if the leadership, particularly on this side of the aisle, would consent to having committees meet at that time. If the Senator from Arkansas has the majority leader's approval of his request, I would have no objection.

Mr. McCLELLAN. I have not conferred with the majority leader. It is one of those situations which occasionally arise. I cannot always schedule hearings. As the distinguished Senator from Massachusetts knows, a great deal of interest has been evinced in the forthcoming hearings. I am trying to make preliminary preparations with the view that, once hearings are started, the subcommittee may hold hearings both in the mornings and afternoons, because of the inconvenience and expense to the Military Establishment of having to bring some of its personnel back to this country from overseas.

Mr. SALTONSTALL. Will the Senator yield further?

Mr. McCLELLAN. I yield.

Mr. SALTONSTALL. I personally would have no objection to the Senator's request, but I think it would be preferable that the Senator withhold his request for the time being, and confer with the majority and the minority leaders after they return from the luncheon at the White House.

Mr. McCLELLAN. Mr. President, I shall accede to the wishes of the acting minority leader, the Senator from Massachusetts [Mr. SALTONSTALL], at the present time. I shall confer with both the majority and the minority leaders if I can do so in the next hour, but I should like to get authority to hold hearings tomorrow afternoon. At the present time I shall withdraw my request.

Mr. SALTONSTALL. I thank the Senator from Arkansas very much. I assume that the majority leader and the minority leader will be back very shortly.

Mr. McCLELLAN subsequently said: Mr. President, I ask unanimous consent that the Permanent Investigating Subcommittee of the Committee on Government Operations be permitted to sit during the sessions of the Senate for the remainder of this week.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

CONDITION OF OUR NATIONAL ECONOMY

Mr. CLEMENTS. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a statement prepared by the junior Senator from North Carolina [Mr. SCOTT] concerning our national economy.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR SCOTT

Let's be frank. Certain large segments of our national economy are sick. Most of the illness hinges on the cold, painful fact that untold thousands of our families in the low-income groups do not have enough ready cash to buy the necessities of life.

Almost 4 million people are unemployed at this very moment, and even more are expected to be out of work within the next few months. At the same time untold thousands of farm families are being forced to leave their farms and join welfare rolls because they can no longer make ends meet. Farm income has dropped sharply in North Carolina each year since 1951. Between 1951 and 1952 it dropped $11 million. In 1953 it dropped $31 million. In 1954 it dropped another $10 million. Last year North Carolina farmers received $52 million less for their products than they did in 1951.

Even in the face of rising unemployment both farms and factories are turning out commodities faster than they can be consumed. Supply is far ahead of demand, mainly because of a serious shortage of cash funds among low-income groups. Surpluses in wheat, cotton, and other basic commodities continue to pile up. The steel industry is operating anywwhere from 15 to 20 percent below capacity. Freight-car loadings are off by about the same percentage.

The point is this: If we expect to take up the slack in our economy, it is imperative to increase consumption. There is no point in kidding ourselves. Low-income groups simply do not possess the purchasing power to buy at the rate commodities are being produced.

These are facts, not opinions. Consequently, in the face of these facts, claims that a tax cut for low-income groups at this time will cause inflation are utterly absurd. The only time you can have inflation is when people have more money than they know what to do with. That causes inflation.

Secretary of the Treasury Humphrey says that if the Government gives the low-income families a few meager dollars by small tax reductions, it will cause inflation. That is pure hogwash, and he knows it. It is the same hogwash the Eisenhower administration has worked day and night to sell to the American taxpayers for 2 years.

But the taxpayers aren't as gullible as Mr. Humphrey and his Republican magicians think they are.

The average taxpayer knows how he was rooked last year.

He knows that the Republicans handed the wealthy—people who clip coupons and live off stock dividends—big, fat checks on silver platters. Under Mr. Humphrey's tax law, the people who depend on the weekly paycheck have to pay for these handouts for the rich.

The tax reduction proposals now before the Senate will correct much of the damage caused by Mr. Humphrey. They would repeal the special-privilege dividend section. They would also repeal the quick depreciation writeoff provisions and the section allowing reserves for future business expenses. In addition, corporate and excise tax rates now in effect would be continued until July 1957.

These changes would more than pay for the cost of giving a $20 tax reduction for each taxpayer—excluding spouse—and $10 for each dependent.

Just what would this tax cut do? It would mean that some 3 million people who are paying income taxes now could forget that burden next year. In North Carolina alone, an estimated 150,000 people would no longer be required to pay Federal income taxes.

By and large, it would mean that those families now having an income of $1,000 or less per year would be taken from the Federal income tax rolls. These same people today pay 25 percent of their total income in Federal taxes of one kind or another.

Families who have incomes under $5,000 need far more relief than this proposal gives, but we are at the stage where anything will help.

The main objection to a tax reduction has been the question of where the loss in revenue would be made up. That objection has been met. I am sure the proposal will be approved if Congress will get down to business and go to work instead of wasting time listening to administration leaders convince themselves that things are rosy with the working people of this country.

TAX RATE EXTENSION ACT OF 1955

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The Chair lays before the Senate the unfinished business, which is H. R. 4259.

The Senate resumed the consideration of the bill (H. R. 4259) to provide a 1-year extension of the existing corporate normal tax and of certain existing excise-tax rates, and to provide a $20 credit against the individual income tax for each personal exemption.

The PRESIDING OFFICER. The question is on agreeing to the first committee amendment, which will be stated.

The first amendment of the Committee on Finance was on page 1, line 3, to strike out the word "Revenue," and insert "Tax Rate Extension."

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KNOWLAND. Mr. President, as I understand it is the desire of the majority leader that action be taken on the first committee amendment, which strikes out only the word "Revenue" and substitutes in place thereof the words "Tax Rate Extension." It is purely to make a correction in the title, and for no other purpose. Is that correct?

Mr. JOHNSON of Texas. That is correct. I understand there is no opposition to the amendment, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment was, on page 4, after line 16, to strike out:

SEC. 4. Allowance of $20 credit for each personal exemption.

Part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is hereby amended by renumbering section 38 as section 39 and by inserting after section 37 the following new section:

"SEC. 38. Credit for personal exemptions.

"(a) General rule. In the case of a taxable year beginning after December 31, 1955, there shall be allowed to an individual, as a credit against the tax imposed by this subtitle for the taxable year, an amount equal to $20 multiplied by the number of exemptions allowed under section 154 as deductions in computing taxable income.

"(b) Limitation on amount of credit: The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year, reduced by the sum of the credits allowable under sections 33 (relating to foreign tax credit), 34 (relating to credit for dividends received by individuals), 35 (relating to partially tax-exempt interest), and 37 (relating to retirement income)."

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. JOHNSON of Texas. Mr. President, in accordance with the unanimous-consent granted last Friday, I offer, on behalf of myself, the Senator from Oklahoma [Mr. KERR], the Senator from Delaware [Mr. FREAR], the Senator from Louisiana [Mr. LONG], the Senator from

Florida [Mr. SMATHERS], and the Senator from Kentucky [Mr. BARKLEY], a substitute amendment, on page 1, line 3, after the word "That", to insert "(a)"; and on page 1, beginning with line 5, to strike out all down to and including line 11 on page 16, and to insert certain language.

In the event that the substitute amendment is agreed to, at the proper time I shall propose an amendment to the title to correspond with the purpose of the proposed amendment.

I have a very brief statement, Mr. President, summarizing the effect of the proposed amendments.

Mr. KNOWLAND. Mr. President, will the Senator from Texas yield?

Mr. JOHNSON of Texas. I yield.

Mr. KNOWLAND. As I understand, the Senator, in conformity with the unanimous-consent agreement, is offering his substitute so that it will be the pending amendment before the Senate and, under the normal legislative course, will be the first amendment on which the Senate will vote when the time for voting comes tomorrow; is that correct?

Mr. JOHNSON of Texas. The Senator is correct.

The PRESIDING OFFICER. Without objection, amendments in the nature of a substitute will be printed in full in the RECORD.

The amendments proposed by Mr. JOHNSON of Texas, for himself and other Senators, in the nature of a substitute, are as follows:

On page 1, line 3, after "That" insert "(a)."

On page 1, beginning with line 5, strike out all through line 11 on page 16, and in lieu thereof insert the following:

"(b) Whenever in this act an amendment or repeal is expressed in terms of an amendment or repeal of any provision, the reference shall be considered to be made to a provision of the Internal Revenue Code of 1954.

"SEC. 2. Twenty-seven-month extension of corporate normal-tax rate.

"Section 11 (b) (relating to corporate normal tax), section 821 (a) (1) (A) (relating to mutual insurance companies other than interinsurers), and section 821 (b) (1) (relating to interinsurers) are hereby amended as follows:

"(1) By striking out 'April 1, 1955' each place it appears and inserting in lieu thereof 'July 1, 1957';

"(2) By striking out 'April 1, 1955' each place in appears and inserting in lieu thereof 'July 1, 1957';

"(3) By striking out 'March 31, 1955' each place it appears and inserting in lieu thereof 'June 30, 1957';

"(4) By striking out 'March 31, 1955' each place it appears and inserting in lieu thereof 'June 30, 1957'.

"SEC. 3. Twenty-seven-month extension of certain excise-tax rates.

"(a) Extension of rates: The following provisions are hereby amended by striking out 'April 1, 1955' each place it appears and inserting in lieu thereof 'July 1, 1957'—

"(1) section 4041 (c) (relating to special fuels);

"(2) section 4061 (relating to motor vehicles);

"(3) section 4081 (relating to gasoline);

"(4) section 5001 (a) (1) (relating to distilled spirits);

"(5) section 5001 (a) (3) (relating to imported perfumes containing distilled spirits);

"(6) section 5022 (relating to cordials and liqueurs containing wine);

"(7) section 5041 (b) (relating to wines);

"(8) section 5051 (a) (relating to beer); and

"(9) section 5701 (c) (1) (relating to cigarettes).

"(b) Technical amendments.—

"(1) Section 5063 (relating to floor stocks refunds on distilled spirits, wines, cordials, and beer) is hereby amended by striking out 'April 1, 1955' each place it appears and inserting in lieu thereof 'July 1, 1957', and by striking out 'May 1, 1955' and inserting in lieu thereof 'August 1, 1957'.

"(2) Section 5134 (a) (3) (relating to drawback in the case of distilled spirits) is hereby amended by striking out 'March 31, 1955' and inserting in lieu thereof 'June 30, 1957'.

"(3) Subsections (a) and (b) of section 5707 (relating to floor stocks refunds on cigarettes) are hereby amended by striking out 'April 1, 1955' each place it appears and inserting in lieu thereof 'July 1, 1957', and by striking out 'July 1, 1955' and inserting in lieu thereof 'October 1, 1957'.

"(4) Subsections (a) and (b) of section 6412 (relating to floor stocks refunds on motor vehicles and gasoline) are hereby amended by striking out 'April 1, 1955' each place it appears and inserting in lieu thereof 'July 1, 1957', and by striking out 'July 1, 1955' each place it appears and inserting in lieu thereof 'October 1, 1957'.

"(5) Section 497 of the Revenue Act of 1951 (relating to refunds on articles from foreign trade zones), as amended by the Excise Tax Reduction Act of 1954, is hereby amended by inserting after 'Internal Revenue Code' each place is appears 'of 1939 (or section 5701 (c), 5001 (a), 5022, 5041 (b), or 5051 (a) of the Internal Revenue Code of 1954)', and by striking out 'April 1, 1955' each place it appears and inserting in lieu thereof 'July 1, 1957'.

"SEC. 4. Repeal of provisions allowing credit against tax and exclusion from gross income for dividends received by individuals.

"(a) Repeal of section 34 and section 116: Effective with respect to taxable years beginning after June 30, 1955, section 34 (relating to credit for dividends received by individuals) and section 116 (relating to partial exclusion from gross income of dividends received by individuals) are hereby repealed.

"(b) Application of section 34 to taxable years beginning before July 1, 1955: Effective with respect to taxable years beginning before July 1, 1955, section 34 (a) (relating to credit for dividends received by individuals) is hereby amended to read as follows:

"'(a) General rule: Effective with respect to taxable years ending after July 31, 1954, and beginning before July 1, 1955, there shall be allowed to an individual, as a credit against the tax imposed by this subtitle for the taxable year, an amount equal to the following percent of the dividends which are received after July 3, 1954, from domestic corporations and are included in gross income:

"'(1) 4 percent, in the case of a taxable year ending before July 1, 1955.

"'(2) 2 percent, in the case of the taxable year beginning on January 1, 1955, and ending on December 31, 1955.

"'(3) In the case of a taxable year beginning before July 1, 1955, and ending after June 30, 1955 (other than one beginning on January 1, 1955, and ending on December 31, 1955), a percentage obtained by—

"'(A) multiplying 4 percent by the number of calendar months in the taxable year prior to July 1, 1955; and

"'(B) dividing the product obtained in subparagraph (A) by the total number of calendar months in the taxable year.

For purposes of this paragraph and of subsection (b) (2) (D), a calendar month only part of which falls within the taxable year (A) shall be disregarded if less than 15 days of such month are included in such taxable year, and (B) shall be included as a calendar month within the taxable year if more than 14 days of such month fall within the taxable year.'

"(c) Limitation on credit under section 34 applicable to taxable years beginning before July 1, 1955: Effective with respect to taxable years beginning before July 1, 1955, section 34 (b) (2) (relating to limitation on amount of credit) is hereby amended to read as follows:

"'(2) the following percent of the taxable income for the taxable year:

"'(A) 2 percent, in the case of a taxable year ending before January 1, 1955.

"'(B) 4 percent, in the case of a taxable year ending after December 31, 1954, and before July 1, 1955.

"'(C) 2 percent, in the case of the taxable year beginning on January 1, 1955, and ending on December 31, 1955.

"'(D) In the case of a taxable year beginning after December 31, 1954, and before July 1, 1955, and ending after June 30, 1955 (other than one beginning on January 1, 1955, and ending on December 31, 1955, a percentage obtained by—

"'(i) multiplying 4 percent by the number of calendar months in the taxable year prior to July 1, 1955; and

"'(ii) dividing the product obtained in clause (i) by the total number of calendar months in the taxable year.'

"(d) Application of section 116 to taxable years beginning before July 1, 1955: Effective with respect to taxable years beginning before July 1, 1955, section 116 (a) (relating to partial exclusion from gross income of dividends received by individuals) is hereby amended to read as follows:

"'(a) Exclusion from gross Income: Effective with respect to any taxable year ending after July 31, 1954, and beginning before July 1, 1955, gross income does not include amounts received by an individual as dividends from domestic corporations, to the extent that the dividends do not exceed—

"'(1) $50, in the case of a taxable year ending before July 1, 1955.

"'(2) $25, in the case of the taxable year beginning on January 1, 1955, and ending on December 31, 1955.

"'(3) In the case of a taxable year beginning before July 1, 1955, and ending after June 30, 1955 (other than one beginning on January 1, 1955, and ending on December 31, 1955), an amount obtained by—

"'(A) multiplying $50 by the number of calendar months in the taxable year prior to July 1, 1955; and

"'(B) dividing the product obtained in subparagraph (A) by the total number of calendar months in the taxable year.

For purposes of this paragraph, a calendar month only part of which falls within the taxable year (i) shall be disregarded if less than 15 days of such month are included in such taxable year, and (ii) shall be included as a calendar month within the taxable year if more than 14 days of such month fall within the taxable year.

If the dividends received in a taxable year exceed the amounts prescribed in paragraph (1), (2), or (3), as the case may be, the exclusion provided by this subsection shall apply to the dividends first received in such year.'

"(e) Technical amendments.—

"(1) The table of sections to part IV of subchapter A of chapter 1 is hereby amended by striking out

"'SEC. 34. Dividends received by individuals.'

"(2) Section 35 (b) (1) is hereby amended by striking out 'the sum of the credits allowable under sections 33 and 34' and inserting

in lieu thereof: 'the credit allowable under section 33'.

"(3) Section 37 (a) is hereby amended by striking out 'section 34 (relating to credit for dividends received by individuals),'.

"(4) The table of sections to part III of subchapter B of chapter 1 is hereby amended by striking out

"SEC. 116. Partial exclusion of dividends received by individuals.'

"(5) Section 301 (f) is hereby amended by striking out paragraph (4).

"(6) Section 584 (c) (2) is hereby amended—

"(A) by striking out the heading and inserting in lieu thereof 'partially tax-exempt interest.—';

"(B) by striking out 'in the amount of dividends to which section 34 or section 116 applies, and'; and

"(C) by inserting a comma after 'interest' in the first sentence.

"(7) Section 642 (a) is hereby amended by striking out paragraph (3).

"(8) Section 643 (a) is hereby amended by striking out paragraph (7).

"(9) Section 702 (a) (5) is hereby amended by striking out 'a credit under section 34, an exclusion under section 116, or'.

"(10) Section 854 (a) is hereby amended by striking out 'section 34 (a) (relating to credit for dividends received by individuals), section 116 (relating to an exclusion for dividends received by individuals), and'.

"(11) Section 854 (b) is hereby amended by striking out 'the credit under section 34 (a), the exclusion under section 116, and' in paragraph (1) and by striking out 'the credit under section 34, the exclusion under section 116, and' in paragraph (2).

"(12) Section 854 (h) (3) is hereby amended by striking out subparagraph (B) and inserting in lieu thereof the following:

"'(B) The term "aggregate dividends received" includes only dividends received from domestic corporations other than any dividend from—

"'(i) an insurance company subject to a tax imposed by part I or part II of subchapter L (sec. 801 and following);

"'(ii) a corporation organized under the China Trade Act, 1922 (see sec. 941); or

"'(iii) a corporation which, for the taxable year of the corporation in which the distribution is made, or for the next preceding taxable year of the corporation, either is a corporation exempt from tax under section 501 (relating to certain charitable, etc., organizations) or section 521 (relating to farmers' cooperative associations) or is a corporation to which section 931 (relating to income from sources within the possessions of the United States) applies.

"'(C) In determining the aggregate dividends received, any amount allowed as a deduction under section 591 (relating to deduction for dividends paid by mutual savings banks, etc.) shall not be treated as a dividend.

"'(D) In determining the aggregate dividends received, a dividend received from a regulated investment company shall be subject to the limitations prescribed in subsection (a) and paragraph (2) of this subsection.'

"(13) Section 6014 (a) is hereby amended by striking out '34 or'.

"(14) The amendments made by this subsection shall apply only with respect to taxable years beginning after June 30, 1955.

"SEC. 5. Allowance of credit for personal exemptions.

"(a) Credit against tax: Part IV of subchapter A of chapter 1 (relating to credits against tax) is hereby amended by renumbering section 38 as section 39 and by inserting after section 37 the following new section:

"'SEC. 38. Credit for personal exemptions.

"'(a) General rule: In the case of any taxable year beginning after December 31, 1955, there shall be allowed to an individual, as a credit against the tax imposed by this subtitle for the taxable year, an amount equal to the sum of—

"'(1) $20, plus

"'(2) $10, multiplied by the number of exemptions allowed under section 151 (e) (relating to exemptions for dependents).

"'(b) Joint returns: In the case of a joint return of a husband and wife, only one $20 amount under subsection (a) (1) shall be allowed.

"'(c) Husband and wife filing separate returns:

"'(1) Credit of one spouse reduced: If a husband and wife (other than a husband and wife to whom paragraph (2) applies) both file separate returns, that portion of the credit allowed under subsection (a) (1) shall be allowed only—

"'(A) to that spouse agreed upon by the husband and wife under regulations prescribed by the Secretary or his delegate, or

"'(B) if there is no agreement as provided in subparagraph (A), to that spouse designated by regulations prescribed by the Secretary or his delegate.

"'(2) Income of husband and wife under community property laws: If a husband and wife both file separate returns and if any of the income of the husband and the wife is community income under the laws of the State of residence of the husband or the wife, the credit under subsection (a) (as modified under subsection (b)) or under subsection (d) shall be computed as if the husband and wife filed a joint return, and one-half of the credit (if any) so computed shall be allowed to the husband and one-half shall be allowed to the wife.

"'(3) Husband and wife having different taxable years: The application of this subsection in the case of husbands and wives having different taxable years shall be made under regulations prescribed by the Secretary or his delegate.

"'(d) Taxable years beginning before January 1, 1956, and ending after December 31, 1955: In the case of any taxable year beginning before January 1, 1956, and ending after December 31, 1955, there shall be allowed to an individual, as a credit against the tax imposed by this subtitle for the taxable year, an amount computed as follows:

"'(1) determine an amount under subsection (a) (as modified by subsections (b) and (c)) as if such subsections applied to the taxable year,

"'(2) multiply the amount determined under paragraph (1) by the number of calendar months in the taxable year after December 31, 1955, and

"'(3) divide the product obtained under paragraph (2) by the total number of calendar months in the taxable year.

For purposes of this subsection, a calendar month only part of which falls within the taxable year (A) shall be disregarded if less than 15 days of such month are included in such taxable year, and (B) shall be included as a calendar month within the taxable year if more than 14 days of such month fall within the taxable year.

"'Credit reduced by tax benefit from income splitting.—

"'In general: In the case of—

"'(A) a husband and wife who elect to file a joint return for the taxable year, or

"'(B) a taxpayer who is the head of a household (as defined in section 1 (b) (2)) or a surviving spouse (as defined in section 2 (b)) for the taxable year,

the credit otherwise allowable under subsection (a) (as modified by subsections (b) and (c)) or under subsection (d) shall be reduced by the income-splitting tax benefit for the taxable year.

"(2) Income-splitting tax benefit defined.—

"'(A) For purposes of paragraph (1), the term "income-splitting tax benefit" means, in the case of any taxable year, the amount (if any) by which—

"'(i) the tax imposed under this subchapter on the taxable income of a single individual who is not a head of household or surviving spouse and who has the same taxable income for the taxable year as the taxpayer, exceeds

"'(ii) the tax imposed under this subchapter for such taxable year on the taxable income of the taxpayer.

"'(B) In the case of a husband and wife who elect to file a joint return for the taxable year, subparagraph (A) shall be applied to their combined taxable income.

"'(f) Limitation on amount of credit: The credit allowed by this section shall not exceed the amount of the tax imposed by this chapter for the taxable year, reduced by the sum of the credits allowable under sections 33 (relating to foreign tax credit), 34 (relating to credit for dividends received by individuals), 35 (relating to partially tax-exempt interest), and 37 (relating to retirement income).'

"(b) Technical amendments.—

"(1) Subsection (d) of section 1 (relating to rates of tax on individuals) is hereby amended to read as follows:

"'Cross references.—

"'(1) For allowance of credit based on personal exemptions, see section 38.

"'(2) For definition of taxable income, see section 63.'

"(2) The table of sections for part IV of subchapter A of chapter 1 is hereby amended by striking out—

"'SEC. 38. Overpayments of tax.'

and inserting in lieu thereof the following:

"'SEC. 38. Credit for personal exemptions.

"'SEC. 39. Overpayments of tax.'

"(3) Subsection (c) of section 443 (relating to returns for a period of less than 12 months) is hereby amended to read as follows:

"'(c) Adjustments for personal exemptions: In the case of a taxpayer other than a corporation, if a return is made for a short period by reason of subsection (a) (1) and if the tax is not computed under subsection (b) (2), then—

"'(1) the exemptions allowed as a deduction under section 151 (and any deduction in lieu thereof), and

"'(2) the credit allowed by section 38,

shall be reduced to amounts which bear the same ratio to the full exemptions or to the full credit (as the case may be) as the number of months in the short period bears to 12.'

"(4) Subsection (a) of section 642 (relating to special rules for credits against tax) is hereby amended by adding the following new paragraph:

"'(4) Credit for personal exemption: An estate shall be allowed the credit provided by section 38 (relating to credit for personal exemptions). Such credit shall not be allowed to a trust.'

"(c) Collection of income tax at source on wages.—

"(1) Subsection (a) of section 3402 (relating to requirement of withholding) is hereby amended to read as follows:

"'(a) Requirement of withholding: Every employer making payment of wages shall deduct and withhold upon such wages a tax equal to 18 percent of the amount by which the wages exceed the sum of—

"'(1) the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b) (1), and

"'(2) the credit claimed pursuant to regulations prescribed under subsection (j).'

"(2) So much of paragraph (1) of section 3402 (c) (relating to wage bracket withholding) as precedes the first table in such paragraph is hereby amended to read as follows:

"'(1) At the election of the employer with respect to any employee, the employer shall

deduct and withhold upon the wages paid to such employee a tax (which shall be in lieu of the tax required to be collected and withheld under subsection (a)) equal to the excess of—

"'(A) the tax determined in accordance with the following tables, over

"'(B) the credit claimed pursuant to regulations prescribed under subsection (j):'.

"(3) Section 3402 (relating to income tax collected at source) is hereby amended by adding at the end thereof the following new subsection:

"'(j) Credit against withholding.—

"'(1) Entitlement to credit: An employee receiving wages shall on any day be entitled to a withholding credit, if, on the basis of facts existing at the beginning of such day, there may reasonably be expected to be allowable a credit under section 38 (relating to credit for personal exemptions) for the taxable year under subtitle A in respect of which amounts deducted and withheld under this chapter in the calendar year in which such day falls are allowed as a credit.

"'(2) Amount of credit: The amount of the credit under this subsection shall be that amount which, for the payroll period, may reasonably be expected to reflect most accurately the amount of the credit which such employee will be allowed under section 39 for such taxable year.

"(3) Credit allowed under regulations: The allowance of the credit under this subsection shall be made only under regulations prescribed by the Secretary or his delegate. The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the provisions of this subsection, including (but not limited to) regulations relating to—

"'(A) the filing of withholding credit certificates, the time at which such certificates take effect, the period during which such certificates remain in effect, and the effect of change of status;

"'(B) the rounding of the credit for any payroll period in the same manner as withholding exemptions are rounded for the same period; and

"'(C) the extent to which the credit will be allowable to married individuals.'

"(d) Effective dates: The amendments made by this section (other than by subsec. (c)) shall apply only with respect to taxable years ending after December 31, 1955. The amendments made by subsection (c) of this section shall apply only with respect to wages paid after December 31, 1955.

"SEC. 6. Termination of provisions allowing accelerated depreciation in case of property acquired after March 9, 1955.

"(a) Termination of section 167 (b): Section 167 (relating to deduction for depreciation) is hereby amended by adding at the end thereof a new subsection as follows:

"'(i) Termination of subsection (b) with respect to property acquired after March 9, 1955: Subsection (b) shall not apply in the case of any property—

"'(1) the construction, reconstruction, or erection or which is commenced after March 9, 1955, or

"'(2) acquired after March 9, 1955.

For purposes of paragraph (1), the construction, reconstruction, or erection of property shall be considered to have commenced before March 10, 1955, if the taxpayer furnishes proof, satisfactory to the Secretary or his delegate, that an enforceable contract for such construction, reconstruction, or erection was in existence on March 9, 1955, and that such construction, reconstruction, or erection was required by the terms of such contract as in effect on March 9, 1955. For purposes of paragraph (2), property shall be considered to have been acquired before March 10, 1955, if the taxpayer furnishes proof, satisfactory to the Secretary or his delegate, that an enforceable contract for the acquisition of such property was in existence on March 9, 1955, and that the acquisition of such property was required by the terms of such contract as in effect on March 9, 1955.'

"(b) Effective date: The amendment made by this section shall apply only with respect to taxable years ending after March 9, 1955.

"SEC. 7. Repeal of provision allowing deductions for additions to reserves for estimated expenses.

"(a) Repeal of section 462: Section 462 (relating to reserves for estimated expenses, etc.) is hereby repealed.

"(b) Technical amendment. The table of sections for subpart C of part II of subchapter E of chapter 1 is hereby amended by striking out the following:

"'SEC. 462. Reserves for estimated expenses, etc.'

"(c) Effective date: The repeal and amendment made by subsections (a) and (b) shall apply only with respect to taxable years beginning after December 31, 1953, and ending after August 16, 1954.

"(d) Savings provision. No interest, penalty, additional amount, or addition to the tax shall be imposed, for any period before the 90th day after the date of the enactment of this Act, with respect to any amount of underpayment resulting solely from the repeal of section 462 of the Internal Revenue Code of 1954 by subsection (a) of this section."

Mr. HOLLAND. Mr. President, will the Senator from Texas yield?

Mr. JOHNSON of Texas. I have an appointment at the White House at 1 o'clock, but I shall be glad to yield briefly to the Senator from Florida.

Mr. HOLLAND. Under the terms of the unanimous-consent agreement, will the substitute be subject to a 4-hour limitation?

Mr. JOHNSON of Texas. That is correct.

Mr. President, these amendments go both to the committee amendments and to sections 2 and 3 of the House bill.

At this point, it is my intention only to describe these amendments briefly.

First, we propose to extend the present corporate and excise tax rates to July 1, 1957—15 months beyond the time limit of the House bill. This would bring into the Treasury an additional $3,537,000,000 not otherwise contemplated.

Second, we propose to repeal the "error" in the 1954 bill which has opened such tremendous loopholes in computing corporate taxes. According to conservative estimates, this will save the Treasury at least $1 billion. The Wall Street Journal, in an article this morning, estimates it at from $1 billion to $5 billion.

Third, we propose to repeal, effective March 9, 1955, the accelerated depreciation provisions of the 1954 bill and, effective July 1, 1955, the dividend credit and exclusion provisions of the 1954 bill. By July 1, 1957, this repeal would save the Treasury $1,618,000,000.

Finally, we propose a $20 tax credit for each taxpayer and a $10 credit for each of his dependents. The credit does not apply to the taxpayer's spouse. The credit will become effective January 1, 1956, and by July 1, 1957, will have cost the Treasury $1,261,000,000.

The cost will be more than met by the budget balancing provisions of the amendments. These budget balancing provisions will provide $4,894,000,000 in savings by July 1, 1957.

In summary, we propose to extend the excise and corporate rates for a 15-month period beyond the House bill; to repeal the error in the 1954 bill; to repeal the accelerated depreciation and dividend provisions of the 1954 bill; and to use the savings to provide a tax cut for individual American citizens.

Mr. LANGER. Mr. President, will the Senator from Texas yield for a question?

Mr. JOHNSON of Texas. I yield.

Mr. LANGER. I am very much interested in knowing whether, if the substitute should be adopted, it would militate against the farmers in depreciating their farm machinery.

Mr. JOHNSON of Texas. If the farmer can take advantage of the accelerated depreciation which is in the present law, he could be affected.

Mr. LANGER. Does the Senator mean that it would hurt him?

Mr. JOHNSON of Texas. It would depend upon what method of depreciation is used by the farmer.

Mr. LANGER. Under the pending bill, as I understand, a farmer can figure a certain percentage of depreciation on his tractor, for instance. What does the proposed substitute provide in that regard?

Mr. JOHNSON of Texas. He has a choice of certain types of depreciation. Under the substitute, the big business provision which we think was put in chiefly for the benefit of large manufacturers, would be eliminated. The substitute proposes to repeal the accelerated depreciation feature.

Mr. LANGER. The farmer would be hurt, if the substitute should be adopted, would he not?

Mr. JOHNSON of Texas. It would depend entirely on what method the farmer uses.

Mr. WILLIAMS. Mr. President, will the Senator from Texas yield?

Mr. JOHNSON of Texas. I yield.

Mr. WILLIAMS. Is it not a fact that if the substitute is adopted it will restore the old law with reference to amoritization benefits?

Mr. JOHNSON of Texas. I think the Senator is correct. I think the accelerated depreciation is largely for the benefit of the big corporations. Tomorrow the Senate will have a choice of voting in favor of the farmers of North Dakota and every other State by giving them some relief, or voting in favor of the big dividend boys and corporations. Under the accelerated depreciation provision they were given benefits which amounted to more than a billion and a quarter dollars. We propose to recover that revenue and to distribute the benefits more equitably.

Mr. WILLIAMS. Mr. President, will the Senator from Texas yield further?

Mr. JOHNSON of Texas. I should be happy to yield at any time during the next 2 days, but I must attend a conference at the White House in a few moments.

Mr. WILLIAMS. I should like to clear the record.

Mr. JOHNSON of Texas. The Senator will have 2 days in which to clear the record.

Mr. WILLIAMS. If the Senator from Texas wants to leave the record incorrect——

Mr. JOHNSON of Texas. The record is clear.

Mr. WILLIAMS. I think the Senator will agree that if this proposal is adopted, we shall be repealing benefits which small-business men and farmers have had under last year's bill.

Mr. JOHNSON of Texas. It is my opinion that the small farmer and the small taxpayers got very few benefits from the bill which Secretary Humphrey rammed through Congress last year.

Mr. WILLIAMS. Is it not a fact that under the bill, big business concerns and large corporations got actually less than they did under the old law?

Mr. JOHNSON of Texas. No. The estimates show that under the accelerated depreciation provision which was incorporated into the big business bill last year, the Treasury in an 18-year period will have a net loss of $19½ billion. At the House Ways and Means Committee where Secretary Humphrey was testifying, mention was made in one instance of a man who bought a Cadillac automobile with 4 years' depreciation on it. Under the accelerated depreciation provision, he can double his depreciation. On a car that sells for $4,600 he can deduct 50 percent the first year, and at the end of the first year he has depreciated it $2,300. So he can take his capital gain. That is in the Committee's record.

Mr. WILLIAMS. The Senator has just shown how little study has been behind the substitute proposal, because if he will read the law, he will find a provision which specifically states that under no circumstances can anything be depreciated beyond 33⅓ percent. The Senator says we can save $3 billion for the Treasury under the substitute.

Mr. JOHNSON of Texas. We do not propose to extend certain tax rates for 1 extra year. The Senator from Delaware has not studied the substitute. We propose to extend the time an extra 15 months. We propose during the next 15 months, to raise the money that has been lost in 12 months.

Before the Senator comes to the floor to talk about the substitute, he ought to be certain of what is in it, and not draw conclusions.

Mr. WILLIAMS. The Senator from Delaware has read the substitute.

Mr. JOHNSON of Texas. The Senator from Delaware has stated that the substitute extended the time 12 months. Does the Senator stand corrected?

Mr. WILLIAMS. Does the Senator from Texas wish to yield for a question?

Mr. JOHNSON of Texas. I do not wish to yield; I should like to keep my engagement, if the Senator from Delaware will permit me to do so.

However, if the Senator decides that the matter must be settled between now and 1 o'clock, I will yield.

Mr. WILLIAMS. So far as the country is concerned, I think it is settled anyway.

PROSPERITY AND RESPONSIBILITY

Mr. BENNETT. Mr. President, there is no more overworked congressional cliche than the one that says of many bills that "our current debate involves the most crucial issue we shall face in the current session." But I think it may well be true in the case of the tax bill. What started out to be a routine extension of corporate and excise taxes has suddenly become a test of the confidence of Congress and the American people in the fiscal program of the Eisenhower administration, and I shall discuss it from that point of view.

In this whole problem the word "confidence" is the key, because, like every other basic problem, ours is basically spiritual, even though its spiritual content is often obscured by the material terms of "taxes," "money," and "debt," in which it is made manifest.

The basic issue is the prosperity of the American people, and this is itself a spiritual concept. The word "prosperity" means "hope for the future," and describes a feeling, an attitude, rather than a measureable income. If a man can face his economic future with hope, based on faith and courage, he is prosperous. If he faces it in fear, expecting economic decline or disaster, he is not prosperous, no matter what his economic condition is in the present or has been in the past.

In a Nation of free men the role of government in economic affairs should be threefold:

First, to provide a sound and stable dollar to preserve his economic values and accurately measure his economic gains.

Second, to operate so as to be the lightest possible burden in taxes.

Third, to leave the individual citizen the widest possible freedom to manage his own financial affairs, with a basic attitude of helpfulness rather than control.

To me any administration that accepts these goals and makes progress toward them is responsible in the finest sense, and any ideas or programs that weaken these objectives or move us away from these goals are irresponsible and dangerous.

I submit that these are the goals of the Eisenhower administration, and, under the able management of Secretary George M. Humphrey, we have made remarkable progress toward them under very difficult circumstances.

By the time Mr. Humphrey took office in 1953 the dollar had shrunk, in 14 years, to 52.3 cents—an average loss of 3½ cents a year. The shrinkage in the past 2 years has been less than one-half of 1 cent, representing practical stability.

This was not done by fiat, controls, or legerdemain. It was a miracle of management.

(A) The general operations of the Government were better managed.

First. Current expenditures were cut from $74.3 billion in fiscal 1953 to $63.5 billion in fiscal 1955.

Second. The overhanging unexpended balances were cut from $78.4 billion on July 1, 1953, to $53.9 billion by July 1, 1955, and it is estimated that this figure will be cut to $49.6 by July 1, 1956.

Third. The appropriations were cut from $80.3 billion in fiscal 1953, the last appropriation of the previous administration, to 57.3 billion in fiscal 1955, with an estimate of $56.3 billion for fiscal 1956.

(B) Because these happened, the operating deficits were cut from $9½ billion at the end of fiscal 1953 to $3 billion at the end of fiscal 1954 and a projected $2½ billion at the end of fiscal 1955. Thus, we are two-thirds of the way to our goal of a balanced budget—the first planned one in more than 20 years. Of course, we could have had a balanced budget in fiscal 1955—with a small surplus—if taxes had not been reduced, but in the wisdom of responsible management, having stabilized the value of the dollar, it was decided to move simultaneously, if more slowly, toward the two goals of balanced budget and lowered taxes rather than to take one before the other.

Last year, in this spirit we brought about the biggest tax reduction in the history of this country. This program was carefully balanced to bring some measure of relief to every part of our economy. It was patterned for overall economic benefit—not partisan political advantage. Three billions of last year's tax reduction were accounted for by individual income tax cuts involving a 10 percent cut in the lower and middle brackets and scaling down to only about 2 percent for the highest bracket incomes. The administration tried to keep that cut at 6½ billion, which would have balanced the reductions in expenses accomplished by the administration. We all joined to add a billion to it in long-overdue relief from wartime excises.

(C) These are achievements that are easy to measure, but they are not the only tasks that had to be undertaken.

One. Our great debt has to be so managed that its refunding will not dry up the sources of money for State or local funds and private investments—or upset the delicate inter-relationships of interest rates for all these myriad borrowings. The enormity of this task appears when we realize that in 1954 the Treasury had to refinance more than $74 billion. This fact again emphasizes the wisdom of its program to get as much of the debt as possible into notes of longer term.

Two. Then too, our money supply had to be managed so well by the Federal Reserve Bank that its very volume did not upset the balance. The great post-war decision that made this possible was made in 1951, and Secretary Snyder deserves great credit for his wisdom; but the new administration had to resist substantial pressure to again destroy the bank's freedom to carry out the responsibilities Congress gave to it.

Three. Great steps were also taken toward the third goal of private economic freedom. Price, wage and rent controls were removed—without the inflation prophesied by the apostles of State centralism; and the Government has moved significantly out of direct competition with its citizens.

This transition would have been difficult under the most favorable circumstances, but it was even more difficult because it had to be made during the period of adjustment from war to peace, with all of its attendant dislocations.

When the Truman administration faced a similar adjustment after World War II, it demonstrated its ignorance of, and lack of faith in, the virility of our free-enterprise system. Secretary Snyder, its spokesman, fearfully predicted unemployment up to 8 million, and there was the beginning of preparations for a vast program of Government jobs. But the economic realities of a nation starved for civilian goods and an industry capable of quick readjustment worked a typical American miracle, and the predicted tragedy never happened.

The problem the Eisenhower administration faced was less severe, but this time it did not have the benefit of a backlog of civilian demand. So there was the potential threat of unemployment. The prophets of doom called for Federal intervention, but the administration—sure of the essential virility of our economy—refused to panic. Unemployment rose by 2 million, but employment also rose by 4 million, and the trough of the recession was shallow and narrow. Many authorities now think we passed through it in the 3 months between July 1953 and October 1953, when the upward climb began, although the upturn in employment lagged until March 1954.

Time will not permit further discussion of this phase of our problem; but I submit that these facts demonstrate that this has been a sound program, achieved by responsible management.

First. Its economic goals have been sound, and we have made remarkable progress toward them.

(a) We have a sound dollar.

(b) The cost of Government is being reduced as fast as defense needs will permit.

(c) The economic freedom of the individual citizen has been increased.

Second. These achievements have been made possible by confidence and courage, and thus have increased our spiritual hope for the future, which is true prosperity.

Mr. President, one would think that in this vital program, which affects the life of every American—regardless of party—there would be no partisanship. But this has not been the case.

Last year, our friends of the other party, seeing what they thought was potential political opportunity, tried to upset the Treasury's balanced program, by proposing that additional relief in the equivalent of $20, be given every taxpayer and dependent. This would have increased the current annual deficit by more than $2 billion. It was narrowly rejected.

So I suppose we should not have been surprised when the idea suddenly came to life 2 weeks ago. This time it looked sure fire, because it could be attached to what might seem to be a veto-proof bill. So it was pulled out of the hat by Speaker RAYBURN on a Saturday, rammed through a party caucus, and then through the House on Monday, without any statement relating it to our overall economic needs, and without hearings. When it came to the Senate its advocates had to ask for a chance to get a witness—any witness—to explain it to the Finance Committee. They rounded up two—and for them it was either the crash job it seemed on the surface, or one of those cases of "Strangely enough, I just happen to have brought my music, though of course I didn't expect you to ask me to sing."

In essence, the program asked for a return to the old, rejected fiscal policies of the New Deal, while trying to reassure us that this time the inevitable inflation would not occur. Fear was used as the whip—fear of widespread unemployment. The basic idea was the old one of pump-priming and bootstrap-lifting: "If we started going into debt again we could create prosperity and lower taxes more." This was the siren song that Mr. Leon Keyserling sang to the Finance Committee. This was a reprise of the song he sang to the newspapers on February 12, when he said:

> A rise in the annual rate of Federal spending above current levels by about 6 billion by the fourth quarter of this year would be accompanied by a rise of almost $30 billion in our total national product.

Mr. President, it is difficult to accept this bland premise, when we view the results of deficit spending by past administrations.

To the junior Senator from Utah, it is the same old fiscal numbers racket based on a materialistic system of push-button economics. It leaves out the human equation and the spiritual drives that are our greatest resource. It assumes that prosperity is a product of government, not of individual effort; and that by pumping deficits into the economy we can, by some magic, create the solid substance of production. It asks us to rewrite history, but to shut our eyes to the results of the same sorry program over 20 tragic years.

Mr. Keyserling's eager attempts to persuade us that this plan of his, although inadequate, was certainly not inflationary, has an interesting relation to a statement by Senator PAUL DOUGLAS, who examined the same problem in his book Economy in the National Government, published in 1952. On page 253, Senator DOUGLAS said:

> An increase in public debt is, however, not a desirable end in itself. Moreover, it would be dangerous constantly to increase the public debt in time of peace when the prospect of war still hangs over us, because during the time of war further enormous increases always occur. Unless we provide a margin of safety in peacetime for the war which may occur, we are likely to be in great trouble if and when such a war breaks out.

Mr. President, I continue to quote, and this is important:

> To use deficit financing in order to drive unemployment down below 6 percent is therefore very dangerous. It will tend to do far more harm through inflation than the good it will do by absorbing some of those who are unemployed from seasonal and transitional causes.
>
> For in a period when unemployment is less than 6 percent, there is no real supply of workers ready to go into productive activity. Instead, the unemployed are primarily either the hard core of the perennially unemployed, such as the handicapped, and the transitionally unemployed for whom job openings exist. Since there is no real idle supply of labor, extra money pumped into the economy by budgetary deficit cannot appreciably increase production. Rather, it will be used to bid up the prices on the available supply of goods and services, and hence it will bring about inflation.

Mr. President, let me acknowledge that my colleague, the senior Senator from Illinois [Mr. DOUGLAS], from whose book I have been quoting, has now come to the floor; and I wish to say to him that I have been quoting from his book entitled "Economy in the National Government."

I now read further from that book:

> There is a further zone of uncertainty within which we do not know what is going to happen. I submit a rough judgment that probably we should not run a governmental deficit unless unemployment exceeds 8 percent and, indeed, possibly slightly more than that. When unemployment is between 6 and 8 percent, the governmental budget should at least balance and therefore be neutral in its effects. When unemployment is over 8 percent, we should have a deficit; but when it is under 6 percent, there should be a surplus.

Mr. DOUGLAS. Mr. President, will the Senator from Utah yield to me?

Mr. BENNETT. I am happy to yield.

Mr. DOUGLAS. I regret that I was not on the floor when the Senator from Utah started his remarks. Of course he recognizes, does he not, that the figures of the Department of Commerce are subject to a considerable margin of error, and that they tend to understate the amount of lost time because of business declines—for at least two reasons, and possibly for a third. The first is that the figure on unemployment does not take account of what are called layoffs, referring to those who do not have jobs, and are not earning, but who, it is thought, will have jobs within 30 days. These persons are eligible to receive benefits under unemployment insurance. It was the testimony of Mr. Burns, before our Economic Committee, in January of 1954, that they really are unemployed. So if the number of temporary layoffs be added to the number of unemployed the total is increased by between 250,000 and 300,000, normally. In March 1954, the number was 236,000.

Mr. BENNETT. Mr. President, I am happy to accept that information.

At this time I should like to proceed with my remarks.

Mr. DOUGLAS. Let me state that this is an important item; and inasmuch as the Senator from Utah has been quoting me, I wish to have the RECORD correct on this point.

Mr. BENNETT. I am happy to accept the correction for the RECORD, and I appreciate it.

Mr. DOUGLAS. I thank the Senator from Utah.

There is another point which should be made, namely, with respect to involuntary part time. A great many men are not discharged or laid off, but are put on a basis of 1, 2, or 3 days a week. If we include figures representing involuntary part time, and reduce those figures to terms of full-time employment, the total is raised to approximately 5 million, as of the low point of last year. The staff study of the Joint Committee on the Economic Report places it at 4,880,000 in March 1954. I think it is

now running around 4.1 or 4.2 million. The exact figure was 4,307,000 in February of 1955, according to the same study found on page 96 of our committee report submitted today. Therefore it was running around 8 percent of the total number as of the low point of last year. It is now running around 7 percent.

There is one final point. The Census Bureau tries to find out whether people are actually looking for work, whether they are a part of the labor force. Even though they may be out of work, if the enumerator thinks they are not really looking for work, they are not counted as unemployed. This is a difficult question——

Mr. BENNETT. Let me say to my colleague that I have a long speech. I welcome the explanation of his own figures. However, I do not intend to use any further quotations from his book. I should appreciate an opportunity to continue with my speech.

Mr. DOUGLAS. Since these figures have been quoted by other Members of the Senator's party out of context, I should appreciate an opportunity to make the record clear. I am sure the Senator from Utah has never quoted them out of context, but other members of his party have done so. I should like to make the record clear, that the census figures on unemployment as such understate the amount of time that is lost through business declines.

Mr. President, I ask unanimous consent to insert in the RECORD at this point a table which I asked the staff of the Joint Committee on the Economic Report to prepare on the relationship between reported unemployment and the full-time equivalent unemployment. It appears on page 96 of the Joint Economic Committee report submitted today.

There being no objection the tabulation was ordered to be printed in the RECORD, as follows:

[In thousands]

Item	December 1953	1954 March	1954 May	1954 August	1954 November	February 1955
(1) Unemployed (census)	2,313	3,72	3,305	3,245	2,893	3,383
(2) Temporary layoffs	195	236	294	143	120	145
PART-TIME WORKERS IN NONAGRICULTURAL INDUSTRIES (CENSUS): WORKED LESS THAN 35 HOURS PER WEEK						
(3) Usually work full time at present job but worked part time because of economic factors	1,258	1,712	1,548	1,451	1,285	1,148
(4) Man-hours equivalent to full-time work (37.5 hours per week)	47,213	64,200	58,050	54,413	48,188	43,050
(5) Man-hours actually worked	31,397	43,550	39,286	37,532	31,932	28,137
(6) Time lost (4—5)	15,816	20,650	18,764	16,881	16,256	14,913
(7) Full-time equivalent unemployment (6 divided by 37.5 hours per week)	420	550	500	450	430	398
(8) Usually work part-time at present job but prefer and could accept full-time work	467	794	866	1,059	935	810
(9) Man-hours equivalent to full-time work (37.5 hours per week)	17,513	29,775	32,475	39,713	35,063	30,338
(10) Man-hours actually worked	9,046	15,890	18,601	20,814	18,402	16,053
(11) Time lost (9—10)	8,467	13,885	13,874	18,899	16,661	14,285
(12) Full-time equivalent unemployment (11 divided by 37.5 hours per week)	230	370	370	500	440	381
(13) Total full-time equivalent unemployment (1+2+7+12)	3,158	4,880	4,469	4,338	3,883	4,307

Source: Computed from data in the monthly sample survey of the labor force of the Census Bureau, U. S. Department of Commerce.

Mr. BENNETT. I think the RECORD should show that it is the opinion of the Senator from Illinois that such is the case.

Mr. President, I should like to continue and say that perhaps this explains to the Senator from Utah—referring to the use by the Senator from Illinois of the words 6 and 8 percent—an attempt by Mr. Keyserling, in his testimony, to inflate the unemployment statistics. The official figure for February 1955, shows 3,383,000 unemployed. Mr. Keyserling said that figure was inaccurate, and that the correct figure was more than 4 million. The total labor force at the present time is 66,550,000, and 3,383,000 is only 5 percent. So, to protect himself against the charge that his program is inflationary—as measured by the Senator from Illinois—he boldly inflates his basic facts.

I recognize that the Senator from Illinois and I have a different interpretation of the facts, but I think the point is interesting.

In a way, the detailed discussion in which I have been indulging may seem academic, because the Senate Democratic policy committee abandoned the House-passed amendment in favor of one which they hope has more vote appeal. But their very retreat from the Rayburn proposal is convincing evidence to the junior Senator from Utah that they recognize the validity of the President's charge that this was "fiscal irresponsibility" and, without shifting to ground they thought could more easily be defended, prefer not to face it.

The new proposal is a curious mixture. Though the members of the Democratic policy committee still give lip-service to the Keyserling theory that a tax cut now would put money into the hands of the consumer and thus stimulate the economy, they cut the amount from $20 a head to $10 a head—or from 5½ cents a day, enough to buy chewing gum, to 2½ cents—which buys nothing. Thus they seek to preserve the shadowy virtue of a cut, per se, while abandoning half its meager substance. Mr. Keyserling told us in the Finance Committee that the Rayburn proposal was far too small.

To recoup the loss to the Treasury of this great tax saving, they propose to scuttle two tax programs that, while not new, were written into the 1954 act. These changes would tend to upset the balance carefully built up by this act, but they have the political appeal that, on the surface, they are taxing the rich more and soaking the corporations.

Let us look at each of the changes in turn.

For many years, the Bureau of Internal Revenue, recognizing the simple fact that new things lose their value most rapidly during the early part of their use, have permitted what is here called "accelerated depreciation." The law calls it "The declining balance method," or "The sum of the year's digits method." It had been used sparingly for many years prior to World War II, but became general policy in the early forties at the request of Wilson Wyatt, Housing Administrator, and was done by administrative decision in the Treasury and without any sanction of law.

The 1945 act, to which our friends take violent exception, follows the program laid down by the Wyatt decision. It validates the existing program, but merely changes the rate.

If this is so wrong in principle, as it would seem to me to be, perhaps this is a "blooper" which operated for a least 10 years under the Democratic administration without anyone having caught it.

Under the Wyatt decision—and I use the name merely to identify it—the taxpayer was allowed to start the "declining balance" at 150 percent of the value of the assets. Under the law enacted in 1954 the taxpayer was allowed to start at 200 percent. It is true that under both these methods the taxpayer recovers half the cost of his asset before half of its lifetime has been reached, but it is also true that after passing a certain point in time, his allowable annual deduction decreases with every year. It is mathematically interesting that both programs, both the 150-percent program used under the administrative decision and the 200-percent program provided by the 1954 law, passed the point of declining returns at approximately the same time, after 30 or 33⅓ percent of the lifetime of the asset had been reached. When the declining rate passes the normal rate, of course, the taxpayer begins to pay higher taxes which will continue for the remainder of the life of the asset. I realize that this information is new to some of my colleagues. I am sure the fact will be developed by anyone checking it with the Bureau of Internal Revenue that this has been a part of standard interpretation of the depreciation schedule. The Senator from Utah remembers taking a long look at it in 1947 and deciding that it did not accord any particular benefit to him under his situation at that time.

When we look at either the Wyatt proposal, which began the depreciation at

150 percent, or the provision written into the 1954 law, which began it at 200 percent, we must realize that here again we have an interesting application of what I have called the "numbers" game. This is represented by the argument that by allowing a higher rate of depreciation in the early life of an asset—a machine or a whole plant, for example—a situation is created whereby the lower rate of the capital gains tax becomes an overriding incentive, and that men will choose it in order to avoid paying the tax on their annual profits at a higher rate.

Under the 1954 act or under the 1942 Wyatt administrative decision, the greatest opportunity comes in the first third of the life of an asset. Then the period of diminishing rates, below the straight line rate, begins to set in.

This argument makes some startling assumptions:

First, that people will try to take advantage of it in order to substitute a capital gains tax for the normal income tax.

Second, it further assumes that the policy of killing the goose that lays the golden egg is wisest after all. Obviously, if the business plant or asset cannot be proved to be profitable, no one will buy it at a price to produce a capital gain.

Third, it assumes that men will go into business, go through all the painful preliminaries of getting capital, constructing a plant and installing equipment, securing raw materials and recruiting and training men, and building all of it to a profitable level only for the purpose of selling out in the first period of useful life for optimum capital gain, simply because the tax rate on capital gains is lower than that on operating profits. I doubt that anyone can point to one case in which such motivation can be clearly demonstrated. Usually when a man sells out, he does so for a very human reason, such as the fact that he can no longer operate his business at a profit.

I realize that there was put into the RECORD on Friday an article written by a Harvard economist, Mr. Eisner, which undertook to show the tremendous tax advantage which could be achieved by operating either under the Wyatt program or under the 1954 program. In the first place, it seems to me that the Eisner article ignores the fundamental fact that all assets decrease more rapidly in value in their early life than in their later life.

Second, a program which recognizes that situation tends to correct an inequity, instead of providing a windfall.

Third, as the Senator from Delaware (Mr. WILLIAMS) pointed out, it provides to a limited extent for the small-business men the privilege the Democrats provided for the big-business men through tax amortization certificates to a total of $31.6 billion; $7,300,000,000 in World War II, and $24,300,000,000 during the early years of the Korean conflict.

The Eisner point of view is to me another chapter in the "numbers" game. It assumes that if smart men, with pencil and no experience, can figure out a remote possibility, which is theoretical but unrealistic, it can somehow become a basis for destroying the practical program.

The Eisner idea rests on three impossible assumptions:

First, that any business could or would make additions to plant or equipment every year at the same rate. What actually happens, of course, is that such additions are made in the amount and at the time that good business judgment indicates they are necessary or profitable.

Second, the Eisner idea assumes that the overriding policy consideration in business decisions is tax saving. It ignores the practical considerations found in normal motivation to increase profits by increasing volume or reducing costs.

As I have already stated, Mr. President, inasmuch as this program, which starts deductions for depreciation of an asset at a rate higher than the amount arrived at by dividing the total rate by the number of years of its expected life, was actually put into operation in 1942 by administrative decision, I should like to ask why our Democratic friends did not object to it then, if they object to it now.

The second proposal, to repeal the dividend credit, is a definite step backward toward the injustice of double taxation, and if it is not class legislation, it is at least anticlass legislation.

To assume that all stockholders are rich is to deny the modern facts of corporate life. Let us take, for example, the telephone system. A quarter million of its employees are also stockholders.

Another interesting fact found by the Revenue Bureau is that in 1951 more than 4 million returns showed some form of stock ownership, and one-half million of the persons filing those returns owed no tax, because of low net earnings. These are the pensioners, the widowers, and widows, and others for whom this law promised some greatly needed relief.

The third proposal hardly warrants a comment. How can we assume that by arbitrarily extending the corporate tax into a period beginning and ending after the present year, we are providing added revenue for this year's budget?

I agree with the editorial in the New York Times which calls the program "1 part fiction and 2 parts the reintroduction of conspicuous and longstanding injustices and imperfections that had existed previous to the comprehensive reform legislation of 1954."

Finally, the move to take credit for correcting the only unforeseen loophole in the 1954 act which has developed, and then to add it as an offset to a suggested tax reduction proposal is a transparent trick, in the face of the quick action which Secretary Humphrey and his department have taken to correct it.

The grab at a straw in this case is only matched in irresponsibility by the estimates of $5 billion and $1 billion which have been bandied about.

I believe the editorial and the Arthur Krock column, in the New York Times of March 11, have called the turn, and I ask unanimous consent to have them printed in the RECORD at this point in my remarks.

There being no objection, the editorial and the article were ordered to be printed in the RECORD, as follows:

[From the New York Times of March 11, 1955]

SAME HOAX, NEW GUISE

On February 21 the Democratic majority of the House Ways and Means Committee, in a maneuver calculated to identify that party with tax relief for the little fellow, tacked onto the administration bill for extending the corporate income taxes and certain excise taxes a provision which would have given every income taxpayer a rebate of $20 and increased the allowance of each dependent by the same amount. When he got a chance to express his views on this rider before the committee Secretary of the Treasury Humphrey argued forcefully against it as the very antithesis of responsible government.

The House supported the committee in this political embellishment of the administration-sponsored tax measure, but when a counterpart of the administration bill came before the Senate Finance Committee the latter rejected efforts to write in the $20 tax cut by a vote of 9 to 6. Allied with the 7 Republican members of the committee on this vote were Democratic Senators BYRD and GEORGE, both of them members of great experience in the field of fiscal legislation and highly respected by their colleagues on both sides of the Chamber.

On Wednesday Senator LYNDON B. JOHNSON, majority floor leader, announced that the tax cut rider would be sponsored on the floor in a revised form by the six members of the Finance Committee who failed to sell it to their colleagues in the Finance Committee. One of the more obvious arguments against the original version of this political measure was the argument that there was nothing to justify a tax reduction at this time, 10 months before it could become effective, when no one could predict what conditions would be and when the long uphill fight to achieve a balanced budget was still not yet won. Well, that argument Senator JOHNSON explains, has now been disposed of. Under the new, beautified version we are going to have our cake and eat it too. The little fellow is going to get the tax reduction promised him in the earlier version (or a large part of it), but this will be achieved without adding to the budget deficit. In fact, Senator JOHNSON and his associates have arranged things so efficiently that not only will there be no increase in the deficit but there will be no deficit.

By what kind of legerdemain is this result to be achieved? It would be produced by offsetting, on paper, the losses resulting from this political tax cut by increasing revenue from three other sources. Looked at superficially, none of these seems to touch the little fellow directly. Actually, all are part of the carefully considered and economically well-rounded tax program of the administration.

Under the plan announced by Senator JOHNSON the top layer of the corporate income tax and certain excise taxes would be retained for 2 more years instead of the 1 year proposed by the administration. This increase in revenue is, to begin with, a pure figment of the imagination. As Senator BYRD points out, the Democrats could hardly claim they were picking up additional revenue by extending these taxes through the fiscal year 1957, since there is no reason to doubt that the Finance Committee would do that in any case when the time came, should the budget situation make it desirable.

But even if this proposal were not an optical illusion it would be unsound and unjust. These particular taxes were enacted for emergency purposes in connection with the rearmament effort. They are entitled,

therefore, to priority when the budget situation indicates the fiscal emergency is over. The additional new revenue would be obtained by repealing two measures adopted last year in connection with the general revision of the Internal Revenue Code. These are the modest relief which that legislation provided from the flagrantly unjust double taxation of dividend income, and the provision for permitting corporations more flexible depreciation policies, with respect to plant and equipment.

Thus Mr. JOHNSON's program consists of 1 part fiction and 2 parts the reintroduction of conspicuous and longstanding injustices and imperfections that had existed previous to the comprehensive reform legislation of 1954.

A PLAIN CASE OF POLITICAL FACE SAVING

(By Arthur Krock)

WASHINGTON, March 10.—The purposes of the tax bill produced by the Democratic Policy Committee of the Senate emerge with a clarity that does not always invest badly partisan maneuvers. Principally these purposes are:

To prevent the Democratic ranks in the Senate from splitting as widely as they would if the $20 per head income-tax-reduction bill passed by the House were the only amendment before the Senate to the administration's bill extending present corporate and excise-tax rates.

To eliminate the administration points made against the House bill that (a) it would reduce next year's revenues by $2,100 million to $2,300 million without providing compensating taxes; and (b) order this reduction months before the state of the 1956 economy could possibly be estimated.

To provide a show by the Senate Democratic leadership of standing by the House Democratic leadership for more relief to the low-income group than was afforded in 1954 by the Republican-inspired 10 percent income tax cut.

To save as much of the face of Speaker RAYBURN, who made the $20 per head bill his own, as was possible when demolishing the basis of his measure. This was an advance revenue reduction of $2,100 million to $2,300 million without providing for any recapture of the sum by new levies.

To maintain, on the surface anyhow, the unity of the Texas Democratic leadership of Congress—the Speaker and the Senate Majority Leader, LYNDON JOHNSON, who managed the RAYBURN salvage operation in the Democratic Policy Committee.

ASSETS AND DEBITS

The operation was successful in some particulars and a failure in others. It did aline the Democratic leadership of the two branches on the strategy of pushing income-tax reduction in 1955 before the Republicans propose it, as they are expected to do, in the Presidential year of 1956. The operation did support the party argument that Republican tax relief is concentrated on corporations and the higher income groups while Democratic tax bills concentrate on the relief of citizens who earn $5,000 a year or less. By closing a loophole in the 1954 Republican measure which threatened revenue losses deeply underestimated by the Treasury, the Democratic Senate proposal did put the administration on the defensive in this particular.

But not even the brave words with which the Democratic amendment was introduced could divert attention from the fact that, like the Rayburn measure, it was a partisan quickie, or conceal its statistical and other shortcomings. The device of adding optimistically calculated corporate-excise revenues for 1957 and 1958 to estimated 1956 collections was promptly exposed by Secretary of the Treasury Humphrey today. The proposal to take away retroactively certain 1954 tax relief which small business especially has made the basis of this year's planning will disturb a group in which the Democrats assert special protective interest. And the effort to create a party front on the amendment in the Senate failed to enlist the cooperation of Senators BYRD and GEORGE, the acknowledged Democratic leaders in fiscal affairs.

THE BATTLE GROWS HOT

But the partisan conflict initiated by the sudden decision of Speaker RAYBURN to attach the $20 per head relief—a revenue-reducing measure—to the administration's bill to preserve for another year the corporate-excise rates—a revenue-maintenance measure—has already acquired the intense heat typical of such battles. Doubtless this has attracted Democratic support of the Senate majority amendment it would not otherwise have had. And some Republicans who long to be counted among those who would release several million taxpayers from the rolls—the effect of both the House and Senate Democratic amendments—will probably stand with the administration.

The more solid the party lines the clearer the interpartisan issue. It is likely, therefore, that the Democratic leaders in both branches welcome this effect of the rising political heat and calculate that it will supply a useful campaign issue in 1956. They have now been termed "irresponsible" in fiscal policy by both the President and Secretary Humphrey. Today the Secretary, in discussing the Senate revision of the Rayburn plan, added the term "silly" with reference to the estimates of its revenue yield. The Democrats were quick to protest that "silly" added insult to their already injured feelings over the use of "irresponsible" in describing anything sponsored by such a statesman as they proclaim RAYBURN to be.

All this has developed into pitched battle the first wholly partisan maneuver by the Democrats at this session of Congress. There will be party deserters and casualties, and some of the wounds may prove politically fatal in 1956. But actually Congress, after a lot of nonsensical forecasts of how high the 84th would rise above partisanship, is now behaving the way it always does with an opposition majority and a Presidential election 1 year away.

Mr. BENNETT. Mr. President, I began this discussion by saying I thought these unexpected maneuvers have become a test of the faith of Congress and the people in the fiscal program of President Eisenhower.

Before I end my discussion of prosperity and responsibility I wish to move back onto an affirmative note. Let us take stock of our situation and see which way we are headed under the program of the administration and by reason of its accomplishment to date. Are we moving up or down? Is there hope or fear for the future?

First, and above all, we have a sound dollar, whose stability has weathered and survived the post-Korean adjustment. Therefore we can have faith in it.

Employment is up nearly 4 million. Unemployment is down a third or more from the high.

Bank deposits are up from $129 billion to $163 billion. Disposable income is up from $247 billion to $255 billion.

I have here, Mr. President, a number of other indices which I shall not read, but I ask unanimous consent that they may be printed in the RECORD at this point in my remarks.

There being no objection, the indices were ordered to be printed in the RECORD, as follows:

	Low	Current
Employment (millions):		
January 1954	59.7	
February 1955		63.3
Unemployment (millions) (high):		
February 1954	3.7	
February 1955		3.38
Bank (debits and demand) (billions):		
February 1953	129.6	
January 1955		163.4
Disposable income (billions):		
1st quarter 1953	247.8	
4th quarter 1954		255.9
Gross national product (billions):		
3d quarter 1953	356	
4th quarter 1954		361
Auto production (1,000's per month)	221	668
Steel production (1,000's per month)	6,628	8,500
TV production (1,000's per month)	307	698
Textile production	91	101
Rubber goods production	97	133
Individual income (billions per year)	284.4	291.1
New construction (billions per month)	3.0	3.4

Mr. BENNETT. Mr. President, I should like to make these interesting observations:

New construction is up from $3 billion a month to $3.4 billion.

Factory orders are up from $20.7 billion to $25.4 billion.

Factory shipments are up from $23.3 billion to $24.9 billion.

Retail sales are up from $13.6 billion to $14.9 billion.

1955 looks good. All the authorities indicate a belief that it will be better than 1954.

Who wants to change this and return to inflation?

First. The consumer, whose prices have been stabilized?

Second. The union members, whose wage raises are now actual instead of theoretical?

I quote an article printed in the New York Times, February 1, 1955, which reports:

AFL REPORTS PAY AT POSTWAR PEAK—FINDS STABILIZED PRICES HELP MAINTAIN BUYING POWER—JOB PERILS DISCERNED

MIAMI BEACH, January 31.—The American Federation of Labor reported today that unionized workers had fared better on the wage front in the "recession year" of 1954 than in any other postwar year.

A research report was given by the federation's staff economists. It said higher hourly wages and stable living costs had given most workers their greatest postwar gains in purchasing power.

This was true, the report said, even though the average pay rise of 5 to 9 cents an hour had been modest by comparison with the increases in previous years. Last year the wage earner got the full benefit of his fatter pay envelope. In other years inflation gobbled up much of its gains, the economists explained.

The report was prepared for submission to the AFL executive council. The group opens its midwinter meeting at the Monte Carlo Hotel here tomorrow.

Third. The managers of 4 million businesses, whose freedom of action has been restored? Charles Dickens had Mr. Micawber say in David Copperfield:

Annual income 20 pounds, annual expenditures 19–19–6, result happiness.

Annual income 20 pounds, annual expenditures 20–0–6, result misery.

Mr. Keyserling, as chairman of Mr. Truman's Council of Economic Advisers said, in his mid-year report to the President in 1950:

Confidence is no substitute for sound policy. But sound policy must rest upon confidence commensurate with our natural resources, our business equipment and skills, and our uniquely proficient working population.

Secretary Humphrey expressed the confidence generated by the present administration's program when he said:

I once said my job was like taking over the wheel of a runaway truck speeding down an icy hill. We have that truck in hand now. If we can just keep doing what is right, we can handle it.

I am sure that our country's economy can ill afford to have the fiscal thrill drivers of the past take control of the vehicle of our economy by this proposal.

We now have a sound policy, backed by the spiritual force of confidence, which is faith. This is a firm foundation on which to build that hope for the future which is prosperity. By this proposal we are asked to risk all this, for a present benefit of 2½ cents a day—not even chewing gum.

It seems to me that to do this would be the height of fiscal irresponsibility on the part of Congress. I am sure it would not represent the wise judgment of the people whose welfare we are supposed to serve. I am sure that, on saner reflection, the Senate will reject it.

Mr. WILLIAMS. Mr. President, will the Senator from Utah yield?

Mr. BENNETT. I yield.

Mr. WILLIAMS. Is it not a fact that during the time the Finance Committee was holding hearings on the bill the most enthusiastic supporters of the accelerated depreciation formula were the small-business men and the farmers of America?

Mr. BENNETT. There can be no question about that. Amortization through tax amortization certificates was made possible at a much more rapidly accelerated rate than the law of 1954 provides. The tremendous advantage which was made possible only to big business has long made the small-business men feel that they were injustly dealt with.

Mr. WILLIAMS. Is it not also a fact that, under the present acceleration formula, the large corporations will actually have a lesser rate of depreciation than they had under the old amortization formula?

Mr. BENNETT. Much less; yes. Let us suppose that with a tax-amortization certificate a company could amortize a building with a normal 30-year life in 1956. Thereafter it could deduct six times as much depreciation a year as could its competitor, which had the same kind of a building, but no certificate.

The greatest privilege the 1954 act gives is the right to deduct twice as much for 1 year, or approximately 1½ times as much for the second year, 1¼ for the third year, and from there on the taxpayer may not deduct as much as he would if he stayed on the straight-line system.

Mr. WILLIAMS. Is it not a fact that under the present law which was passed by the Congress last year, for the first time in history there is provided a mathematical formula for depreciation which is applicable to all taxpayers, small and large alike?

Mr. BENNETT. That is not quite true, because, as I have tried to point out, by administrative fiat in 1942 the Bureau made that pattern available to taxpayers, but at a lesser rate, starting at 150 percent instead of 200 percent the first year.

Mr. WILLIAMS. It is now automatically available, and a taxpayer does not have to curry favor with some bureaucrat in order to obtain the benefit.

Mr. BENNETT. It is provided in the law. If it were not in the law, the ordinary taxpayer would not know it existed. Someone would have to tip him off.

Mr. WILLIAMS. He does not have to know the right official in order to get the benefit of the formula.

Mr. BENNETT. That is correct.

Mr. BYRD. Mr. President, will the Senator from Utah yield?

Mr. BENNETT. I yield.

Mr. BYRD. I have had prepared a statement based on a $100 asset, assuming that with a 10-percent annual depreciation the taxpayer would take a 10-percent reduction each year for 10 years. If the life of the $100 asset were for more than 3 years, and if it were acquired new since January 1 last year, the taxpayer could exercise his option and use the rapid writeoff method. Under these conditions the alternative methods could be compared as follows:

	Rapid write-off rate	Straight line rate
First year	$20	$10
Second year	16	10
Third year	12.8	10
Fourth year	10.2	10
Fifth year	8.2	10
Sixth year	6.5	10
Seventh year	5.2	10
Eighth year	4.2	10
Ninth year	3.4	10
Tenth year	2.8	10

It indicates that there is no loss to the Government over that period of time. Further, should taxes be increased during the period, the Government would gain instead of losing.

Mr. BENNETT. It is interesting to observe that the taxpayers who, in World War II, had the great advantage of certificates of amortization, were able to postpone and for 5 years avoid the full burden of the tax rate, but they were actually worse off than those who did not have such certificates, because the tax rates went up after World War II, when they had lost the chance to make deductions.

Mr. BYRD. I have lately been building a cannery for canning apples. I discussed and considered the matter fully with my auditors, and I decided not to take the rapid depreciation method. Looking into the future, I felt I was better off to take the straight line rate, because, as the Senator knows as a businessman—and a good one—the most valuable asset which any businessman has today is the unused depreciation rate.

Mr. BENNETT. When I was in the middle of my prepared speech, I digressed to observe that in 1947 the company with which I am connected faced the same choice on the basis of the administrative ruling. We decided we would be better off if we took the straight line rate, so we rejected the other method. It is not a completely unmixed blessing.

Mr. BYRD. The Senator is correct.

Mr. BENNETT. Mr. President, I yield the floor.

Mr. KERR. Mr. President, I was especially desirous of asking a question or two of the Senator from Utah, and did not know that he was about to yield the floor.

Mr. BENNETT. I shall be glad to yield to the Senator from Oklahoma.

Mr. KERR. Did I understand the Senator from Utah to say that the provisions in the 1954 act with reference to accelerated depreciation benefits to the taxpayer were similar in principle to the operation of existing regulations of the Treasury Department?

Mr. BENNETT. The Senator is correct.

Mr. KERR. Is the Senator from Utah aware of the fact that under the 1954 act a taxpayer who buys new equipment or new machinery can get accelerated depreciation of 200 percent of the normal amount in the earlier years?

Mr. BENNETT. For the first year only.

Mr. KERR. For the first year; and then 200 percent?

Mr. BENNETT. No; 160 percent of the actual original cost of the machinery, in the second year.

Mr. KERR. Yes; but still 200 percent of the normal depreciation of the balance.

Mr. BENNETT. Ah, but when a taxpayer uses the straight line method, he does not calculate depreciation on the declining balance; it calculates it only on the original cost.

Mr. KERR. Without losing the point I wish to make, under the 1954 act the taxpayer can apply the accelerated rate with reference to new machinery and continue the long line depreciation with reference to old machinery; is that not correct?

Mr. BENNETT. That is correct; but it was possible prior to that time for him to continue at the so-called Wyatt rates on the same basis.

Mr. KERR. Is the Senator from Utah not aware of the fact that under the regulation to which he referred, any time the taxpayer took advantage of the privilege to apply the 150 percent of the regular annual amount of depreciation of new equipment, he had to accept the penalty on the balance of depreciation he was entitled to on old equipment.

Mr. BENNETT. That was never explained to me by the representative of the Internal Revenue Service. He took the position that in the case of a new asset, the new depreciation system was started on that asset, which is the same condition as exists under the 1954 act.

Mr. KERR. Would the Senator from Utah be surprised to know that that statement is inaccurate?

Mr. BENNETT. Am I to understand it to be the point of view of the Senator from Oklahoma that once a man chose to use the declining balance method, under what I call the Wyatt administrative decision, he was forced to recast his depreciation and use that method on everything else?

Mr. KERR. With this resulting penalty: That if he had a million dollars' worth of equipment which he had been depreciating at 10 percent a year, he would be entitled to $100 credit a year on his old equipment.

If he bought half a million dollars' worth of new equipment and sought to depreciate it at the accelerated rate, then his depreciation on his old equipment would be reduced to what it would have been had he started in on the 150 percent accelerated rate with reference to the old equipment.

Mr. BENNETT. I do not understand that to be the case. If that was in fact what was done, then I should say that the Internal Revenue Service was dishonest in its relation to the taxpayer, because the taxpayer certainly is entitled, having depreciated an asset to a certain point, to follow it out to the end; and it would be manifestly dishonest to say that because he had used the straight line system to a certain point, he would lose the difference between the straight line system and the declining balance system simply because he chose to apply the declining balance system on another asset.

Mr. KERR. I can only say to the distinguished Senator from Utah that what I have said to him is correct. If he will go to the trouble to make inquiry, the Senator from Utah will find that what I have said is correct, and that there is a great difference between the principle under the old 150-percent accelerated privilege and that of the 200-percent privilege under the new law.

Mr. BENNETT. Mr. President, may I ask a question of the Senator from Oklahoma?

Mr. KERR. Indeed, the Senator may.

Mr. BENNETT. Is it the understanding of the Senator from Oklahoma, to take a specific case, that if a taxpayer, using the straight-line method, had gone through half the period of depreciation, and his asset had been reduced thereby to half of its depreciable value, and he then at the halfway point, went over onto the Wyatt method, or if he had started according to the Wyatt method, and he had got to the halfway point, the actual depreciated value or remaining depreciable value of his asset would be something like one-third of its value?

Is the Senator saying that on that basis the Treasury says the taxpayer may not have the privilege of recapture which existed between the halfway point he had arrived at under the straight-line method, and the two-thirds point he would have arrived at under the other method?

Mr. KERR. The Senator is eminently correct. Under the old, Wyatt method, to which the Senator has referred, before the taxpayer could get the 150-percent rate, he first would have had to show a rapidly declining asset or a special situation other than that normally existing to get that benefit; and, in addition, if he were a taxpayer who was in business, and who had been following the normal rate of depreciation, and then sought and secured the privilege to depreciate more rapidly an addition to his facility or plant, he would be penalized on his old depreciable asset the difference between what he would have got had he continued the straight-line rate and what he would have got had he put the 150-percent principle into effect on the old asset at the beginning of the depreciable period.

Mr. BENNETT. Is it the understanding of the Senator from Oklahoma that that penalty was permanent and complete; that the taxpayer never would be able to recoup that part of the value of his asset which represented the difference between the two points?

Mr. KERR. The Senator is correct; the taxpayer had to make an election between those two methods.

Mr. BENNETT. Then I should say we are proposing to correct a manifestly inequitable, unfair operation, and it is a good thing that we are.

Mr. KERR. I would not want to dispute that statement on the part of the Senator from Utah; but I am certain he is grateful to the Senator from Oklahoma for correcting his impression about what the situation was concerning the matter to which he addressed himself.

Mr. BENNETT. I shall reserve my expression of gratitude until I have been able to check the situation with the Internal Revenue Service.

Mr. WILLIAMS. Mr. President, will the Senator yield for a question?

Mr. BENNETT. I yield.

Mr. WILLIAMS. If X corporation had used the old-line method, as the Senator from Oklahoma pointed out, whereby it would not have been possible for it to change over to the 150 percent under the Wyatt method, but had wanted to make a $100 million expansion in plant, all that it would have been necessary to do would be to set up a separate corporation or entity in the old corporation to hold all the stock, build the new plant, and write it off at the rapid rate of amortization. Is not that correct?

Mr. BENNETT. I do not pretend to pose as an authority on the tax-saving possibilities of that situation. If the Senator from Delaware will permit me to do so, I should like to yield the floor and go to lunch.

Mr. WILLIAMS. If the Senator will yield for a further question, I think he will find it is correct that it will not be possible to find that any farmers have been able to set themselves up separately. Under the existing law, passed last year, for the first time in the history of this country the American farmer and small-business man have been placed in a position where they do not have to hire expensive lawyers or to curry favor to get the same type of depreciation which previously was allowed only to the chosen few.

Mr. KERR. Mr. President, the Senator from Oklahoma, as soon as he gets the floor, intends to correct some of the erroneous impressions held by the Senator from Delaware, according to the statements he has made.

Mr. WILLIAMS. The Senator from Delaware will be looking forward to the statement by the Senator from Oklahoma.

Mr. MARTIN of Pennsylvania. Mr. President, as a preface to my remarks, and I shall be brief, I desire to compliment the distinguished senior Senator from Virginia [Mr. BYRD] on his comprehensive and convincing presentation of the financial situation in which we find ourselves as a nation. In his opening address on H. R. 4259, the able chairman of the Finance Committee depicted very clearly and with absolute accuracy the dangers that would arise from any ill-considered or unwarranted reduction in income-tax revenues at this time. I am glad to associate myself with the views of my good friend on the other side of the aisle, and I extend to him my congratulations and my thanks.

For my own part, Mr. President, I wish to emphasize my firm conviction that we do not have to look beyond the present national debt to find ample justification for opposing the proposed tax reduction at this time.

As we consider the dangers that confront us in these days of uneasy peace, we cannot escape the conclusion that the national debt hangs over our heads as a constant threat to the stability and security of our Nation.

Never before in the history of the world have any people owed so much as we owe today.

It should be a matter of deep concern to every American that in 20 years the national debt has been multiplied almost 10 times, and is now approaching the fantastic total of almost $280 billion.

Twenty years ago, when we were fighting the worst depression we ever had, the Federal debt was less than $29 billion. Since the end of World War II the debt burden has been increased by $20 billion.

It is frightening to realize that the public and private debt of the American people has reached a total of more than $600 billion—3 times as much as the debt of 15 years ago.

In the last 5 years alone, the public and private debt has increased by $50 billion.

The same pattern of bigger debt, year after year, has been followed by State and local governments. Their debts have increased 16 percent in 1 year alone, reaching a total of $38 billion on June 30, 1954.

Mr. President, there is real cause for alarm in the tragic fact that while the debt burden is increasing by millions every day, many of our people do not seem to be worried about it.

They take the position that we are a strong Nation, we are prosperous, our people have a backlog of savings, times are good, the national income is high; why worry?

But the danger is all about us. If for any reason we should be forced into a decline—even a slight decline—in business activity, jobs, and income, the staggering burden of debt could prove too much for our economy to sustain and could bring us to disaster.

Our people should be reminded that the debt, which so many hold so lightly, is not a mere bookkeeping item. It will

have to be paid by generations far in the future—out of the earnings of Americans who had no part in creating the debt.

Uncontrolled debt, rising higher and higher year after year, places a crushing burden on the economic structure of our country and points the way to possible financial collapse.

Therefore, Mr. President, I find it impossible to accept the proposal that we should now borrow more money, that we should go deeper in the red, in order to reduce taxes.

Mr. President, no one regrets more than I do that we have not yet been able to achieve a balanced budget. The Eisenhower administration has done a real job in directing our fiscal affairs toward that objective. The administration has brought about substantial reductions in Government spending, and is doing everything possible to bring nearer the day when we can have a balanced budget.

That effort should have our united support. It would be most unfortunate if the trend in that direction should now be reversed, pushing further and further into the future any hope of a balanced budget.

Finally, Mr. President, there can be no doubt that continued deficit financing and ever-increasing debt are the greatest causes of inflationary pressure that destroys the value of our currency, shrinks the purchasing power of all earnings, and places a heavy burden upon every household.

The record of history, from ancient times to our own day, shows very clearly that more nations have been brought to destruction by excessive debt and excessive taxation than by invading armies.

Mr. KERR obtained the floor.

Mr. DOUGLAS. Mr. President, will the Senator from Oklahoma yield to me, to permit me at this time to make a correction, and to make a statement in connection therewith?

Mr. KERR. Yes; if it will not take too long. Mr. President, I ask unanimous consent that I may yield for that purpose.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Is there objection? Without objection, it is so ordered.

Mr. DOUGLAS. Mr. President, I should like to correct and clarify the RECORD concerning the unjust and mistaken charges of Secretary of the Treasury Humphrey that I was predicting a depression in early 1954.

At the hearings on the tax bill on February 28, 1955, the Secretary declared that Democratic Senators "were saying that we were going to be in a great depression". On being challenged by the Senator from Oklahoma to name one, the Secretary rejoined: "Senator DOUGLAS said it a number of times"; and, again, "He said he did not want us to go into a depression, but he said that was where we were headed."

Mr. President, I categorically denied this at the hearings, and submitted for the record four different statements of mine in early 1954 which directly refuted the charge, and in which I stated that I did not predict a depression. The Secretary then referred to certain other hearings as the place where my alleged statements were made, and I read from those hearings, and again refuted his charge.

Following the hearings, however, in a further effort to support his groundless charge, the Secretary submitted for the record some excerpts from a letter which I addressed to President Eisenhower on February 19, 1954. He also sent some excerpts from two newspaper clippings of November 1953. These appear on pages 21 and 22 of the hearings.

I did not predict a depression, as he had charged, in any of the excerpts. But since these were widely publicized as if in proof of his charges, I felt that in deference to the facts and in justice to myself, I should make it quite clear how the Secretary has attempted, by quotations out of context, to make it appear that I said the opposite of what I did in fact write.

Mr. President, I ask unanimous consent that the full text of the added matter submitted to the Finance Committee by the Secretary be printed in the RECORD at this point.

The PRESIDING OFFICER. Is there objection?

There being no objection, the text was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF THE TREASURY,
Washington.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building,
Washington, D. C.

MY DEAR MR. CHAIRMAN: During the hearing on Monday it was suggested that I should provide quotations to support my assertion that some Democrats had suggested we might be heading for a depression.

I feel that Senator DOUGLAS' letter to the President of February 19 contains some such statements (extracts are attached). The assertion that "to prevent the recession from deepening into a depression" and "a look at the present economic situation indicates, in my judgment, that the time for action is here" would seem to me to indicate a fear that we were heading into a depression. This fear is supported by Senator DOUGLAS' suggestion in the same letter urging the President to advocate immediate increases of $200 in personal exemptions as a solution to the problem. You will recall that exemptions were not increased and that a depression did not occur.

In a story in the Detroit Free Press on November 9, 1953 (excerpts from which are attached) Senator DOUGLAS is quoted as saying "in the last 5 or 6 weeks the industrial slump has been gaining momentum." In a story in the Detroit News on November 9 (excerpts from which are attached) Senator DOUGLAS was quoted as saying he had seen signs of a "growing industrial recession" especially in the automobile and farm equipment fields.

These are among the items which are immediately available on the subject.

Sincerely yours,

G. M. HUMPHREY,
Secretary of the Treasury.

Attachments.

EXTRACTS FROM LETTER TO THE PRESIDENT FROM SENATOR DOUGLAS, FEBRUARY 19, 1954, AS PRINTED IN THE CONGRESSIONAL RECORD, VOLUME 100, PART 2, PAGES 2871–2872

DEAR MR. PRESIDENT: The purpose of this letter is to urge you to reconsider your tax proposals in the light of later clarifications in the economic picture. * * *

A look at the present economic situation indicates, in my judgment, that the time for action is here. At least we should take some initial effective steps to counteract the downward trend. * * *

To prevent the recession from deepening into a depression, it is, therefore, far better to stimulate consumption than it is savings. * * *

Therefore, I sincerely hope that you will see fit to advocate immediate increases of $200 in personal exemptions on individual income taxes and selective decreases in the excise taxes. * * *

Faithfully,

PAUL H. DOUGLAS.

[From the Detroit Free Press of November 9, 1953]

AUTO SLUMP DUE, DOUGLAS ASSERTS

(By Miller M. Hollingsworth, staff writer)

The breakdown in farm prices has started an industrial recession which will soon strike Detroit in full force, Senator PAUL DOUGLAS said here Sunday night. * * *

"In the last 5 or 6 weeks the industrial slump has been gaining momentum," said DOUGLAS in a TV interview and a press conference. He appeared on the television program, Meet the UAW–CIO.

The Senator said he was alarmed over the situation in the farm-equipment manufacturing plants brought on by the slumping agriculture and cattle prices.

* * * * *

He expressed alarm over the immediate future of automobile production in the face of slackening demand, particularly in the agricultural areas.

"I have seen dealer after dealer not only with their floors crowded with cars they couldn't sell, but also with new automobiles on their lots," said the Senator. "They just can't sell them."

* * * * *

"I don't want to spread alarm, but I'm afraid Detroit is headed for a mighty rough time."

[From the Detroit News of November 9, 1953]

PERIL SEEN BY DOUGLAS IN TAX CUT

Congress can reduce taxes next year only if the Nation is willing to jeopardize its security, Senator DOUGLAS told a Detroit audience last night.

He also said that in the last 6 weeks he had seen signs of a "growing industrial recession" especially in the automobile and farm-equipment fields.

DOUGLAS spoke before the Men's Club of Beth Aaron Synagogue.

Mr. DOUGLAS. Mr. President, in further support of my own position, I had inserted in the hearing record of the committee the full text of my letter of February 19, 1954, to President Eisenhower. It appears on pages 46 to 48. In that letter I stated not once, but twice, that I did not predict a depression. These parts of the letter, which with a great deal more of the letter were omitted by the Secretary, were as follows:

So far as my being a prophet is concerned, I have not predicted a depression. But I have, as emphatically as I could, tried to keep our Nation on its toes and ready to act to stop a worsening of the economic picture.

The above appears as paragraph 3 of my letter to the President of the United States, which the Secretary completely omitted; and

While I believe we are in a very definite recession, I still do not predict a depression. We have erected many safety nets during the past 20 years to prevent the bottom from dropping out of the national economy.

This quotation appears in paragraph 7, lines 1 to 3 in my letter to the President, which the Secretary omitted entirely.

So that the fragmentary nature of the excerpts by the Secretary torn out of the whole context of my letter may be easily understood, I ask unanimous consent that the full text of my letter of February 19, 1954, to the President be printed at this point in the RECORD, and that in a parallel column opposite their place in the full text, the Secretary's excerpts be printed. Mr. President, I have prepared this material in tabular form, which shows that the Secretary jumped from one passage to another, and omitted the direct statements which would have contradicted his charge and imputation.

The PRESIDING OFFICER. Is there objection?

There being no objection, the text and excerpts were ordered to be printed in the RECORD, as follows:

SENATOR DOUGLAS' LETTER TO THE PRESIDENT—FULL TEXT

FEBRUARY 19, 1954.

The Honorable DWIGHT D. EISENHOWER,
President of the United States,
The White House, Washington, D. C.

DEAR MR. PRESIDENT: The purpose of this letter is to urge you to reconsider your tax proposals in the light of later clarifications in the economic picture. I believe, after careful reflection, that you will agree with me that increasing personal exemptions for income-tax purposes to $800, and drastic reductions in taxes on consumer goods (excise taxes) would be far more just and stabilizing than the current administration proposals which are primarily aimed to stimulate savings through tax reductions to corporations and to the upper-income groups.

I hope that, by now, you realize that my attempts during the past 3 months to alert the country on the need to be on guard against depression neither mark me as a "prophet of doom and gloom," nor represent any desire to "talk the country into a depression." Perhaps it is true that my party would get more votes this fall if the country were to go into a depression. But, it seems obvious that if our motives were selfish and political, the course I would have followed would have been to remain silent and let it happen. I would rather the Democratic Party remain out of power perpetually rather than return to power in the wake of the mass misery of a great depression.

So far as my being a prophet is concerned, I have not predicted a depression. But I have, as emphatically as I could, tried to keep our Nation on its toes and ready to act to stop a worsening of the economic picture.

A look at the present economic situation indicates, in my judgment, that the time for action is here. At least we should take some initial effective steps to counteract the downward trend.

The Census Bureau now estimates that there were 3.1 million unemployed in January, or 750,000 more than they had estimated a few weeks before. There is no doubt, therefore, that unemployment has increased markedly in the last few months. In addition the Census figures for January estimated that there were 275,000 temporarily laid off who were counted as having a job although they drew no pay and would not have been permitted by their employer to work had they showed up at their former jobs. Employers have also put large numbers on part time in order to spread the work and reduce the payments which they would otherwise have to make to the State unemployment compensation funds. During the month of January the Census estimates that there were 1.9 millions of workers outside of agriculture who actually worked less than 15 hours a week, 1.7 millions from 15 to 21 hours and 1.6 millions from 22 to 29 hours. In all, therefore, 5.2 million workers, or 10 percent of those employed in nonagricultural occupations, worked less than 30 hours a week. Some of this lost time was caused by absenteeism, sickness and voluntary abstention from work, but a large proportion was undoubtedly involuntary and caused by the employer putting the workers on part time.

SECRETARY HUMPHREY'S EXCERPTS

EXTRACTS FROM LETTER TO THE PRESIDENT FROM SENATOR DOUGLAS, FEBRUARY 19, 1954, AS PRINTED IN THE CONGRESSIONAL RECORD, VOLUME 100, PART 2, PAGES 2871–2872

DEAR MR. PRESIDENT: The purpose of this letter is to urge you to reconsider your tax proposals in the light of later clarifications in the economic picture. * * *

A look at the present economic situation indicates, in my judgment, that the time for action is here. At least we should take some initial effective steps to counteract the downward trend. * * *

SENATOR DOUGLAS' LETTER TO THE PRESIDENT—FULL TEXT—continued

The ratio of farm prices received to prices paid by farmers is hovering at its lowest point in 12 years. Steel production has dropped to only 75 percent of capacity compared with 99 percent a year ago, and is 21 percent below last year in physical volume. Freight car loadings are down 10 percent. Mail order sales are over 13 percent below last year and retail sales have fallen off somewhat. Business failures have risen by almost 50 percent.

While I believe we are in a very definite recession, I still do not predict a depression. We have erected many safety nets during the past 20 years to prevent the bottom from dropping out of the national economy. We have farm price supports, minimum wages, unemployment compensation, collective bargaining, social security, assistance to the needy aged, blind, and dependent children, insured savings deposits and housing programs, to mention a few of these safeguards. But while they may very well cushion the heaviest impact of a depression such as the one which began 25 years ago, that is about as far as they can go. They, by themselves, will not stop the economy from getting into a tight situation.

Thus, I am urging you, as an immediate step, to alter your tax proposals. I know that you are subjected to tremendous pressures to grant the vast majority of tax relief to business, investors, and those in the upper income brackets generally. But what is needed as a stabilizing force in the economy is a tax policy to stimulate purchasing power. Increased purchasing power will mean more consumption, sales, services, production, and employment. In short, it will mean more business activity which will do much to reverse the downward trend.

I know it has been argued that stimulants to business and investors are what is needed to keep the economy up. It is argued that by giving such incentives business will expand production and hence increase employment. But under such a premise, who will buy the goods? Only adequate monetary purchasing power broadly distributed can do this.

A reduction in taxes to the upper income groups and to corporations would probably stimulate savings. In normal times, savings are converted into investments and give each worker more capital with which to work. This in turn leads to increased productivity and to higher real wages.

But in times such as these while savings may flow into banks, they do not flow out to the same degree in the form of actual investments since businesses are afraid to borrow and banks are afraid to lend. With the large supply of idle industrial equipment on hand business in general does not want to borrow to add to it. The savings therefore tend to be in large part sterilized and do not expand production and employment as they would in normal times.

To prevent the recession from deepening into a depression, it is therefore far better to stimulate consumption than it is savings.

The idea of giving tax relief only to business and investors as a stabilizing force is simply the old trickle down theory or what's good for business is good for the country. Such policies followed in the twenties, ended up with the greatest depression this Nation ever had. What is necessary is a trickle up theory or what's good for the country is good for business. If people have money to buy, business will have markets and persons will have jobs.

The present administration tax proposals, when in full effect, give investors and business 12 times as much relief as individuals. Individuals would get only $250 million in the form of such items as baby sitter allowances and an increase in allowable medical deductions. Recipients of dividends would

SECRETARY HUMPHREY'S EXCERPTS—continued

'To prevent the recession from deepening into a depression, it is, therefore, far better to stimulate consumption than it is savings. * * *

SENATOR DOUGLAS' LETTER TO THE PRESIDENT—FULL TEXT—continued

get $1.2 billion and businesses would get $1.8 billion, for a total of nearly $3 billion.

Yet saying that individuals would get only one-twelfth of the relief given to investors and business is vastly to understate the disparity. Let us analyze this further.

The average individual would get $6 in tax relief ($250 million divided by 39 million tax returns showing taxable income) while the average dividend recipient would ultimately get $200 ($1.2 billion dividend by 6 million stockholders) or 33 times as much. The discrimination is still understated since less than 4 percent of the taxpayers receiving dividends (those with income over $10,000) get more than three-fourths of all taxable dividends (see table I of Treasury Release No. H-266, Oct. 8, 1953). If we consider families rather than tax returns, we find that less than 1 percent of the American families own 80 percent of all publicly held stocks.

This seems unfair, and I believe it is. Yet the cause I am pleading is based not only on justice, but on the economic needs of the Nation. For tax relief to individuals means increased purchases and business activity.

Let us consider a family of four—husband, wife, and two children. Increasing personal income tax exemptions by $200 would give total extra personal exemptions of $800. At the lowest tax rate of 20 percent, this would mean tax savings of $160 a year, enough to buy a major appliance, or any one of several dozens of goods and services on the market. It would mean an increase of about 8 cents an hour in take-home pay.

Lower taxes on consumer goods, meanwhile, would leave more money for the purchase of other items and hence greater purchasing power.

Therefore, I sincerely hope that you will see fit to advocate immediate increases of $200 in personal exemptions on individual income taxes and selective decreases in the excise taxes.

When I advocated such measures while representatives of your administration were before the Joint Committee on the Economic Report, they seemed to have little sympathy for them. I have hitherto advocated such policies in radio and television discussions, and in talks before and with businessmen of my own State of Illinois. I found in most cases that there was a wide public appreciation of their merit.

I should like also to call your attention to a reasoned, powerful statement made in the Senate today by Senator WALTER F. GEORGE of Georgia, ranking minority member of the Committee on Finance and its former chairman. Senator GEORGE recognizes and ably stated the case, that the situation calls for tax relief for the millions of individual taxpayers, and an expansion of purchasing power. He advocated, as have I, an immediate increase of at least $200 in the personal income exemption. His competence as a tax authority commands the most serious consideration of his views.

If you adopt these suggestions, I believe Congress will enact them. There may be some opposition in the ranks of your own party, but we Democrats, I believe, will provide the force you need to enact such tax revisions, just as we have helped to provide the necessary support for the main lines of your foreign policies.

Faithfully,

PAUL H. DOUGLAS.

SECRETARY HUMPHREY'S EXCERPTS—continued

Therefore, I sincerely hope that you will see fit to advocate immediate increases of $200 in personal exemptions on individual income taxes and selective decreases in the excise taxes. * * *

Faithfully,

PAUL H. DOUGLAS.

Mr. DOUGLAS. Mr. President, I wish to point out again in the full text the very explicit—but omitted—statements of mine directly to the contrary of what the Secretary has charged.

I believe it will be clear that the asterisks in the Secretary's matter cover a big part of my letter, and parts which directly refute his claim. Note, especially, the whole of paragraph 3 and the first two sentences of paragraph 7.

While the excerpts from the Detroit Free Press article were not quite as unfair in what they omit, they are decidedly fragmentary; and I therefore ask unanimous consent that the full text

of the article be printed at this point in the RECORD, together with the parallel column showing the Secretary's excerpts at the appropriate place in the full text.

The PRESIDING OFFICER. Is there objection?

There being no objection, the text and excerpts were ordered to be printed in the RECORD, as follows:

FULL TEXT OF ARTICLE

[From the Detroit Free Press of November 9, 1953]

AUTO SLUMP DUE, DOUGLAS ASSERTS—SAYS DEALERS ARE OVERSTOCKED; SENATOR RAPS GOP FARM POLICY

(By Miller M. Hollingsworth, Free Press staff writer)

The breakdown in farm prices has started an industrial recession which will soon strike Detroit in full force, Senator PAUL DOUGLAS, Democrat, of Illinois, said here Sunday night.

DOUGLAS said Detroit automobile manufacturers are maintaining high production through the artificial means of forcing cars on dealers under some pressure.

"In the last 5 or 6 weeks the industrial slump has been gaining momentum," said DOUGLAS, in a TV interview and a press conference. He appeared on the television program, "Meet the UAW-CIO."

The Senator said he was alarmed over the situation in the farm equipment manufacturing plants brought on by the slumping agriculture and cattle prices.

"Farm-machinery plants in Moline, Ill., and other places are laying off men and working on a drastically shortened schedule," he said.

Because an estimated fourth of the Nation's farm equipment is manufactured or distributed by Detroit firms, this cutback in demand may also affect the local work force, though DOUGLAS didn't mention this.

He said the depressed agricultural situation developed because the administration failed to give farmers the support prices they are entitled to under Federal law.

DOUGLAS said farmers are entitled to $1.61 support for a bushel of corn and are receiving only $1.30. In wheat, he said, they are getting only $1.70 a bushel and are entitled to $2.30.

He expressed alarm over the immediate future of automobile production in the face of slackening demand, particularly in the agricultural areas.

"I have seen dealer after dealer not only with their floors crowded with cars they couldn't sell, but also with new automobiles on their lots," said the Senator. "They just can't sell them.

"In most instances the regional men have forced these cars on the dealers under threats of canceling their franchises.

"I don't want to spread alarm, but I'm afraid Detroit is headed for a mighty rough time."

Senator DOUGLAS said the underlying cause for what he called an economic letdown was that the Eisenhower Administration had given the Nation too big a dose of big business.

He said the voters in recent elections, both in a Wisconsin farm area and a suburban district in New Jersey, have shown they are disappointed with the Republican Administration.

"The voters are showing resentment toward the big business tactics that have been forced upon them," DOUGLAS asserted.

"Why, there is more money in Ike's cabinet now than in the Treasury."

He said prospects for the Democrats sweeping back into power in 1954 were good—so good in fact that he was toying with the idea of seeking reelection. Several months ago DOUGLAS indicated he would not run again.

DOUGLAS said that Senator MCCARTHY, Republican of Wisconsin, had a strong support in one segment of the population and that his influence should not be underestimated.

Later Sunday DOUGLAS spoke before the Men's Club of Beth Aaron Synagog in the synagog at 18000 Wyoming.

SECRETARY HUMPHREY'S EXCERPTS

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(By Miller M. Hollingsworth, staff writer)

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* * * * *

He expressed alarm over the immediate future of automobile production in the face of slackening demand, particularly in the agricultural areas.

"I have seen dealer after dealer not only with their floors crowded with cars they couldn't sell, but also with new automobiles on their lots," said the Senator. "They just can't sell them."

* * * * *

"I don't want to spread alarm, but I'm afraid Detroit is headed for a mighty rough time."

Mr. DOUGLAS. Mr. President, from a reading of the full text of the newspaper report of that speech in Detroit on November 8, 1953, it will be clear that I was indeed warning of the drop I had observed in farm equipment production and automobile sales. My speech described an existing situation, and accurately cited the danger of some further slump. It did not predict a depression.

Mr. President, I should like to point out that what actually happened to employment in the automobile industry is not only history, but fully supported the serious look which I urged my audience to take of the situation in November of 1953, because the figures show—according to the Department of Commerce—that from an employment of 715,000 in October 1953, employment fell to 534,000 in August of 1954, or a decline of nearly 200,000, and slightly under 30 percent; and according to the Department of Labor, the decline was from 875,000 in October 1953, to 620,000 in September 1954—or, according to this, a decline of over 250,000.

The automobile employment figures—from the Survey of Current Business, United States Department of Commerce and from the Monthly Labor Review, United States Department of Labor—are as follows:

Month	Department of Commerce	Department of Labor
October 1953	715,000	875,500
November 1953	686,000	844,100
December 1953	707,000	862,900
January 1954	677,000	828,200
February 1954	655,000	803,100
March 1954	637,000	785,300
April 1954	625,000	770,900
May 1954	601,000	744,800
June 1954	594,000	739,500
July 1954	561,000	706,700
August 1954	534,000	677,600
September 1954	478,000	619,800
October 1954	561,000	701,800

I submit, therefore, Mr. President, that what happened in the automobile industry exactly bore out the predictions I had made in my speech in Detroit, in November of 1953.

Let me say that I deeply regret that in order to rewrite history to support inaccurate, political charges, the Secretary has been willing to tear words out of their context and to cite them to try to prove the exact opposite of what I said in the full text. The Secretary has not only failed to prove his case. He has, on the contrary, proved again how groundless his charges were, and has revealed an unfortunate willingness to resort to the irresponsible method of quoting a person out of context.

Mr. President, at this time I wish to deal fairly with Secretary Humphrey in regard to a point which occurred in the debate last week.

Mr. KERR. Mr. President, will the Senator from Illinois yield to me at this point?

Mr. DOUGLAS. I am glad to yield.

Mr. KERR. Would the Senator from Illinois say that what the Secretary has done with reference to lifting certain sentences out of context would be one form of slight irresponsibility?

Mr. DOUGLAS. Well, I would say that if someone else had done it to the Secretary, I do not think the Secretary would have stopped with that word. But I wish to be charitable to the Secretary; and I merely submit these parallel columns, to let the reader make up his own mind. I do not believe in bandying loose charges about.

Mr. President, I wish at this same time to deal fairly with Secretary Humphrey on a point in the debate where I inadvertently referred to a different set of figures from those used by him on a television show, in estimating probable revenue losses from section 462 of last year's tax bill.

I therefore ask for unanimous consent to correct the RECORD for March 10, 1955, on page 2607, where I reported the response of the Secretary of the Treasury to a question propounded by Mr. Madigan on a nationwide telecast on the preceding Sunday.

The quotation, as it appears in the RECORD, is a correct report of what the Secretary said about earlier estimates. But in the context in which I cited the Secretary's remarks, I intended to cite his own estimate of that loss at the time of that telecast. While it does not change the point of argument, I want to be sure that the figures attributed to the Secretary are cited in the context in which he used them. These figures were 200 to 300 million dollars and I therefore ask that the sentence be corrected from "I will say $70 million or $80 million" to the correct quotation: "I don't know whether it might be two or three hundred million dollars or not."

The PRESIDING OFFICER. The correction will be made.

Mr. KERR obtained the floor.

Mr. GORE. Mr. President, will the Senator yield to me, in order that I may suggest the absence of a quorum?

Mr. KERR. I am glad to yield for that purpose, provided I do not lose my right to the floor.

Mr. GORE. With that understanding, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERR. Mr. President, I wish to do a favor for my distinguished friend from Delaware [Mr. WILLIAMS]. I had hoped that he might be present during the course of my discussion, in order that he might be aware of the degree to which I am trying to be of service to him.

The distinguished Senator from Utah [Mr. BENNETT] illustrates one of the unfortunate features of this debate. In the first place, he propounded as his thesis how well off we are in this country today with reference to the vitality and strength of our economy.

I am sure he is familiar with the governmental statistics with reference to employment and unemployment, and with reference to the amount of the national production. I am sure he is aware that the monthly average unemployment in this country in 1953 was 1,600,000; that government figures tell us that unemployment in January, 1954, rose to 3,087,000; that the number of unemployed increased until, in January of 1955, it was 3,347,000; and that, rather than showing a favorable trend in February as compared with January, the figures show that the total unemployment increased to 3,387,000 in February of this year, according to the figures released by governmental agencies.

I refer the distinguished Senator from Utah to the statement and evidence given by the Secretary of the Treasury himself, Mr. Humphrey. When he was before the committee in certain hearings a few days ago he was asked if he was not aware of the continued increase in the number of unemployed and the continued decrease in the number of employed.

Finally, the Secretary of the Treasury made a statement to the effect that January, 1953, was the height of the Eisenhower boom. I think it is a statement of great accuracy and great significance. I believe the economy of the country was at the highest pitch in the month that Mr. Eisenhower became President of the United States than it has been or will be during the Eisenhower administration.

I am sure, Mr. President, that only the uninformed would take the position that economic production or employment are at a higher level today than then, or that they are now increasing, or that unemployment is at a lower level now or is presently decreasing.

The fact is that the number of employed in manufacturing in our country today is just barely what it was in February 1952.

The distinguished Senator from Utah referred to the fact that the rate of production is greater now than it was then. While it is true that the rate of production has not reached the height it attained 2 years ago, there has been some increase in the past few months, and the industrial production index for February 1955 is 132, as compared with 121 in February 1952. However, the fact is that the number of employed in manufacturing industry has not increased at all. The fact is also that the number of unemployed is now more than twice what it was in the average month of 1953.

I make the statement that the accelerated depreciation provision of the 1954 Revenue Code is in part responsible for this situation. The provision in last year's tax law, which we seek now to repeal, is an incentive to unemployment. That is demonstrable by an examination of the provisions of the law, and it is demonstrable on the basis of the record of the operation of the law.

The accelerated depreciation provision in last year's tax law, instead of doing what its proponents claimed it would do, which was to increase employment, is directly responsible for a lessening of employment and an increase in unemployment, and it is a positive incentive to both.

Why do I say that, Mr. President? I say it because the operation of that provision accelerates the rate at which we approach the status sometimes referred to as automation.

The Senator from Oklahoma would not take the posture of opposing progress in the development and utilization of more efficient machinery. Far from it. Neither would I take the position that government should by means of tax bonuses and special privileges accelerate the rate at which we are moving in that direction.

I believe one of the great problems of today is the difficulty labor encounters in being able to replace itself as it is displaced by more efficient machinery. The problem is acute enough in the normal development of our economy and the use of more efficient machinery, which results in greater production with fewer laborers and fewer hours of labor. When government steps in and provides tax bonuses, which constitute incentives and special privileges for those who accelerate the rate at which we approach automation, it is not only doing an injustice to our economy, but, when it happens to be the act of those who say it will increase the number of employees, it proves that they are mistaken in their claim. Furthermore, insofar as their doing something to increase employment and decrease unemployment, they perpetrate an economic fraud, because they produce exactly the opposite result to the one which they claimed would accrue from their act.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. KERR. I yield to the Senator from Louisiana.

Mr. LONG. Is the Senator familiar with the fact that the Secretary of the Treasury, Mr. Humphrey, made a statement before a House committee to the effect that the tax reduction of last year brought better times and more employment and put more people to work?

Mr. KERR. I am aware of it.

Mr. LONG. Mr. President, is the Senator also familiar with the fact that although the provision was supposed to bring about the building of more factories, the installation of more machinery, and the creation of more jobs in the factories, the contrary is true, in that employment has gone down, instead of going up during the past year?

Mr. KERR. The Senator from Louisiana is entirely correct in the statement of his conclusion. I should like to suggest an amendment to his question, however, wherein he asked if I knew that that provision was supported to bring about the opposite result. I am sure he meant to ask me if I was aware of the fact the proponents of the act claimed that that would be so?

Mr. LONG. Yes.

Mr. KERR. That is correct.

Mr. LONG. Instead, it brought about the opposite result.

Mr. KERR. That is correct.

Mr. LONG. If it had any effect, it had the effect of costing men their jobs. Is not that true?

Mr. KERR. Yes; and it accelerated the rate at which men lose their jobs by reason of improved machinery, as our economy moves in the direction of what we call automation.

Mr. LONG. If last year we had adopted the George amendment, which would have had the effect of spreading several billions of dollars of additional purchasing power among people in the low-income brackets, would we not have put more people to work?

Mr. KERR. Yes; it would have brought about greater purchasing power, more jobs and greater overall national production. The Senator from Louisiana is eminently correct.

The record is that in August 1953, there were 63,400,000 people gainfully employed in our country. As of February 1955, there were 3½ million fewer people gainfully employed.

The fact is that in manufacturing operations in August 1953, there were 17½ million employees, and in February 1955, there were 16,100,000 employees, or nearly 1½ million fewer employees than in August 1953.

The reason, among many, is a series of events of the character of the tax bonus provisions for the few which were included in the Revenue Act of 1954.

Today on the floor of the Senate the distinguished Senator from Delaware [Mr. WILLIAMS], who is a fine and able Member of the Senate, made a statement which some people might interpret to mean that he thought the proponents of the substitute proposal did not know what they were talking about.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. KERR. I yield to the Senator from Delaware.

Mr. WILLIAMS. I do not think I recall making any such statement as that.

Mr. KERR. I should be delighted to have the Senator repeat his statement or refer me to that portion of the RECORD where he was discussing the subject with the Senator from Texas [Mr. JOHNSON], when the Senator from Delaware said that if the Senator from Texas knew what he was talking about he would know——

Mr. WILLIAMS. I said that if the Senator understood the law as it was written he would know there was a certain catch in it. If I am in error in what I stated at the time I would be willing to incorporate in the RECORD a statement from the Treasury Department and let the RECORD stand. I do not think a taxpayer, under the old law, can accelerate depreciation on anything more than 33⅓ percent a year.

Mr. KERR. I shall try to correct the impression which the Senator from Delaware tried to create that the proponents of the substitute do not know what they are talking about. Second, I am going to try to correct the impression the Senator from Delaware tried to create when he indicated that he did know what he was talking about.

Mr. WILLIAMS. I hope that when the Senator from Oklahoma gets through I shall know what he was talking about, because I have been somewhat confused.

Mr. KERR. I am not surprised at the confussion of the Senator, and I am trying to clarify the situation. I shall do so with good will. I would not have intimated the possibility of the Senator from Delaware not being fully informed as to what he was talking about had he not made a statement on the floor indicating that the proponents of the substitute did not know what they were talking about. The Senator has just repeated his statement that under the Revenue Act of 1954 a taxpayer cannot depreciate an investment in tools or equipment or machinery at a greater rate than 33⅓ percent a year. Is that correct?

Mr. WILLIAMS. I think the RECORD will show that we were speaking of a Cadillac automobile.

Mr. KERR. The Senator said a taxpayer cannot depreciate an item at a greater rate than 33⅓ percent.

Mr. WILLIAMS. I am still speaking about the point raised by the Senator from Texas [Mr. JOHNSON] regarding a Cadillac car. Let us keep to that subject.

Mr. KERR. I am glad the Senator has a feeling of approaching illumination which has caused him to hedge on what he said on this floor in the past 5 minutes.

Mr. WILLIAMS. I am not hedging at all. The Senator from Texas pointed out that one could depreciate a car at a 50-percent rate a year. If that be true, I am in error, and there is no need for the Senator to argue the point. I am sure the Senator thinks he is right, and I think I am right. I see on the floor at this time the chief of the staff of the Finance Committee, and I should be glad to ask him to correct the RECORD, if I am incorrect. I do not claim to be infallible, but it is my understanding that equipment cannot be depreciated under 3 years.

Mr. KERR. I am going to answer that point with pleasure, because in the statement which the Senator from Delaware made to the Senator from Texas, he did not limit himself with reference to what a taxpayer could do under this bill. In the second place, in his statement of about 5 minutes ago, he did not limit his statement to the depreciation of a Cadillac automobile. He said that under the act of 1954, a taxpayer could not depreciate an investment in machinery or equipment at a greater rate than 33⅓ percent a year.

Mr. President, the provision with regard to accelerated depreciation was inserted in the Revenue Act of 1954 as section 167. If the Senator from Delaware wishes to know what is in the law, he can either read it or listen to me. He can get his information either way. The act provides that accelerated depreciation benefits shall not be available in the case of an item the reasonable life of which is in excess of 3 years. But it also makes that the accelerated depreciation benefit available with reference to machinery or equipment with a reasonable life of 3 or more years. With reference to machinery or equipment the reasonable life of which is 3 years, under the old method of figuring depreciation, the taxpayer could depreciate its full value at one-third each year for 3 years, or 33⅓ percent a year.

Under the provision in the code which was adopted last year a taxpayer can accelerate depreciation so that he gets credit the first year of the life of that piece of machinery or equipment for 66⅔ percent of its total value.

Mr. WILLIAMS. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I shall yield for a question.

Mr. WILLIAMS. Will the Senator, at a later point in his remarks, permit me to incorporate in the RECORD a statement prepared by Mr. Stamm, which will clear up the question of whether I am correct or incorrect? I know the Senator from Oklahoma thinks he is right, and I think I am right. I have asked the staff of the committee to prepare a statement, and I wonder if the Senator would permit me to have it incorporated in the RECORD at this point?

Mr. KERR. All the Senator needs to do is to refer to the language of the act.

Mr. WILLIAMS. I have referred to the language of the act, and I still think I am correct.

Mr. KERR. Subsection (c) of section 167 of the act provides for the use of certain methods and rates. Paragraphs 2, 3, and 4 of subsection (b) apply only in the case of property described in subsection (a), with a useful life of 3 years or more.

I am showing that under the Revenue Act of 1954, the taxpayer can get as much as 66⅔ percent of the total cost of machinery as a depreciation item in the first year of his ownership of the item.

Mr. WILLIAMS. Mr. President, I think the staff will prepare a memorandum which can be placed in the RECORD later which will show items whose useful life is less than 3 years and items whose useful life is greater than 3 years, with a depreciation rate of 33⅓ percent.

Mr. KERR. The law plainly states that the accelerated depreciation provisions are not available for a useful life of less than 3 years.

Mr. WILLIAMS. That is correct.

Mr. KERR. That means that they are available if the useful life is 3 years or more.

Mr. WILLIAMS. That is correct. If the useful life is 4 years——

Mr. KERR. Let us take 3 years.

Mr. WILLIAMS. Let us take it for 3 years. It would be technically 66⅔ percent; or, for 4 years, technically 50 percent, as the Senator from Texas has pointed out; except that there is a catch in it which provides that if the useful life is more than 3 years, the depreciation cannot exceed 33⅓ percent. That is the basis of a difference of opinion. I may be in error. However, the staff of the joint committee is preparing a memorandum on it.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Oklahoma yield to me, since the Senator from Delaware has mentioned my name?

Mr. KERR. I shall be delighted to yield to the majority leader; then I shall yield to the distinguished Senator from Delaware to place in the RECORD that which I claim is a figment of his imagination, and not to be found in the act.

Mr. JOHNSON of Texas. Mr. President, I ask that the Senator from Oklahoma may yield to me without losing his right to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. I wish to ask the Senator from Delaware if he has changed the position he took this morning, when he questioned me and lectured me on not having studied the accelerated depreciation provisions sufficiently? As I recall, he stated that under no circumstances could there be a 50-percent depreciation in the first year.

Mr. WILLIAMS. No, I have not changed my position. The Senator from Texas was speaking of how a Cadillac car could be depreciated at a rate of 50 percent. I took the position that I did not think that could be done.

Mr. JOHNSON of Texas. I have not changed my position. I still take the position that a Cadillac automobile can be depreciated 50 percent.

Mr. WILLIAMS. I do not think it can be. As I said before, I have asked the staff to prepare a memorandum on the subject. There is no need for the Senator from Texas and me to get into an argument on the question. I have asked the staff to prepare a memorandum.

Mr. JOHNSON of Texas. I did not provoke the argument. I tried to get the Senator from Delaware to withhold his argument so that I could attend a luncheon meeting. But for the Senator's information I wish to bring to his attention an excerpt from the House hearings, at which the distinguished and responsible Secretary of the Treasury was in attendance and testified on the proposed Democratic substitute which he had never seen, never read, never knew anything about.

Representative BOGGS, referring to a newspaper article, said:

And I shall read it. The Secretary does not have to comment on it if he does not want to.

"Free cars are for rich motorists only. You've got to be in a high tax bracket, where every deduction is merely a dollar earned. But say you're making $100,000 a year. You buy yourself an auto because you need it in your business. It has to be a fancy one, for purposes of prestige. This you'll probably have to prove to a skeptical tax collector.

"But the weight of the law's on your side. You spend $4,600 for a V-8 sedan deluxe."

At this point, Mr. President, I wish to correct the figure of $4,800 which I gave this morning. I resume the quotation of the article:

"This you classify in your tax returns as a piece of business equipment.

"Under the new tax laws, the cost of such equipment may be amortized at the rate of 50 percent the first year. This is where Congress did you that favor by mistake, according to my tax specialist."

I understood the distinguished Senator from Delaware in his lecture to us this morning to say that that could not be done.

"So you deduct $2,300 on your income-tax form after you've driven your fancy buggy 12 months. If you are in the proper high tax bracket this can save you a cool $2,000.

"So your super-dooper motor car at this stage of the game has cost you $2,600.

"Now you take your year-old sedan, which probably has been driven only 15,000 miles and looks like new, and sell it on the open market. You'll get, say, $3,400 for it. Since it has been amortized on the Government's books as being worth only $2,300, your gross profit on it is $1,100."

I should like to interject at this point, Mr. President, that I think that shows the viciousness of the whole accelerated depreciation program, not as it affects people who are going to keep a piece of property indefinitely, but as it affects those who keep it a couple of years, then sell it, and wind up with a profit by way of the capital-gain route.

I continue the quotation:

"This money is a capital gain and is taxable at 25 percent, or $275. So you deduct that from the $3,400 and your net proceeds from the sale are $3,125. Add to this your $2,000 tax saving, and you've got $5,125.

"Now you buy a new model for $4,600, and you've got $525 left—or enough to have it air-conditioned."

Secretary HUMPHREY—

Here is the responsible Secretary of the Treasury. Does he try to explain it away? No; he has been snake-bitten once. He tried to explain away this "blooper." What did he do? He had to come running to Congress quickly. He in effect said to the House, "Please have this bill introduced, hold hearings, and get action in the House before the Senate corrects the error."

What did the Secretary say in response to the statement by Representative BOGGS, who quoted an article in a reliable newspaper?

Secretary HUMPHREY. He would be even better off if he sold it for $4,000.

Mr. BOGGS. Well, do you mean that?

Secretary HUMPHREY. I imagine that is what is the trouble. Don't you? I can't tell about it, Mr. BOGGS, until I check into it. If there is a loophole there, we will look after it. But I imagine that the difficulty is getting the sales price.

Mr. BOGGS. Well, the reason I brought that up is that it leads me to a question or two about this depreciation provision. Now, there have been all kinds of estimates on what that may cost. In the debate on the recent measure in the House, I had before me an economist's estimate that it could run as high as a billion dollars in the first year or two. Is that true? Is there any basis for that kind of estimate?

That is a responsible statement by a responsible Secretary of the Treasury, the best big-business Secretary since Andrew Mellon. What did he say?

Secretary HUMPHREY. Well, I will ask these boys.

Do you know anything we ought to change our estimates on today?

There is nothing that I know of, Mr. BOGGS, unless they do.

That only relates to new purchases, as you recall.

The issue before the Senate is relatively simple. If Senators think more of the accelerated-depreciation provision, if they think more of the dividend provisions of the tax bill of last year, than they do of all the people, then they should vote against the substitute.

I wish to thank the Senator from Oklahoma for yielding.

Mr. WILLIAMS. Mr. President, will the Senator from Oklahoma yield so that I may reply to the Senator from Texas?

Mr. KERR. I will not yield for the purpose of allowing the Senator from Delaware to reply to the speech by the Senator from Texas. I will yield to the Senator from Delaware for a question.

Mr. WILLIAMS. Mr. President, the Senator from Oklahoma yielded to the Senator from Texas for the purpose of allowing him to place in the RECORD excerpts from the record. I think I should have an opportunity to reply to the Senator from Texas and to make clear my views.

Mr. KERR. How much time does the Senator from Delaware desire?

Mr. WILLIAMS. I shall be very brief.

Mr. JOHNSON of Texas. I hope the Senator from Oklahoma will yield to the Senator from Delaware. I yielded to the Senator from Delaware this morning until I was late for a luncheon engagement. I hope the Senator from Oklahoma will yield to the Senator from Delaware.

Mr. KERR. How much time does the Senator from Delaware ask? Ten minutes?

Mr. WILLIAMS. I shall be very brief. Will the Senator yield to me for 2 minutes?

Mr. KERR. I yield 5 minutes to the Senator from Delaware, if I may do so without losing my right to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Delaware may proceed.

Mr. WILLIAMS. I have asked Mr. Colin Stam, chief counsel of the Joint Committee on Internal Revenue Taxation, and who certainly should understand the Internal Revenue Code better than any of us on the floor of the Senate——

Mr. JOHNSON of Texas. Mr. President, will the Senator yield at that point?

Mr. WILLIAMS. I yield.

Mr. JOHNSON of Texas. The Senator from Delaware does not contend, does he, that anyone understands the problem more than the responsible Secretary of the Treasury, who did not reply?

Mr. WILLIAMS. I am not speaking to the question whether Mr. Humphrey replied or did not reply.

I have asked the chief counsel of the Joint Committee on Internal Revenue Taxation to clear up the question, and I desire to read into the RECORD the statement which he has prepared and handed to me:

Under the provisions of section 167 (c) of the Revenue Code of 1954, the new accelerated rates do not apply to property with estimated useful life of less than 3 years.

In other words, I was correct this morning.

Mr. JOHNSON of Texas. I never limited the time to 3 years. The Senator from Delaware knows that better than does anyone else.

Mr. WILLIAMS. I cannot do better than to quote the authoritative statement of the chief counsel of the joint committee. If he is in error——

Mr. JOHNSON of Texas. I never said this morning that I was limiting anything to 3 years. The Senator from Delaware knows that to be so. The Senator's question was whether there could be 50 percent depreciation in 1 year.

The Senator from Delaware took the position that there could not be. The Senator ought to correct himself, if he has finally seen the light.

Mr. WILLIAMS. I took my position based upon advice given me by the chief counsel of the joint committee; namely, that under the accelerated rate provision of the 1954 act, a taxpayer could not take the benefit of the accelerated rate if his car or a piece of machinery was less than 3 years old.

Mr. JOHNSON of Texas. No one has spoken about a period of less than 3 years except the Senator from Delaware.

Mr. WILLIAMS. If the article was used for more than 3 years, the maximum rate of depreciation would be 33⅓ percent. The Senator from Texas this morning referred to a rate of 50 percent, which would be for 2 years. I said it could not be applicable, based upon advice which had been given me. According to the information which I have read into the RECORD, as given to me by the chief counsel of the staff, I am correct.

Mr. JOHNSON of Texas. I hope the Senator from Delaware will read the RECORD, and bring himself up to date.

Mr. WILLIAMS. I think the Senator from Texas is in error. Perhaps he is not.

Under the old law, if a taxpayer had a tool the life of which was less than 3 years, he could use the law as it was previously, rather than come under the new law.

Mr. JOHNSON of Texas. I do not want to suggest any nightwork or homework for the Senator from Delaware, but I am informed that Mr. Stamm has just represented that the formula did not apply in the case of an automobile which had a life of 3 years. I hope the Senator will catch up on his homework in connection with that, so we may discuss it tomorrow, and I hope he will correct the mistake he made this morning.

Mr. MANSFIELD. Mr. President, will the Senator from Oklahoma yield for a question?

Mr. KERR. I yield for a question.

Mr. MANSFIELD. I just heard the majority leader talk about irresponsibility. It seems to me the Secretary of the Treasury last week made a statement before the House Ways and Means Committee which I would say indicated his responsibility, because at that time they were discussing a loophole in Mr. Humphrey's tax bill of 1954, which he has since disclaimed. A loophole was uncovered by a Democratic Representative to the effect that big business was being given further benefits than even this administration anticipated. As I recall, Mr. Humphrey said it was the fault of the Congress that it had passed the bill. Does the Senator recollect that statement?

Mr. KERR. Yes.

Mr. MANSFIELD. If that be true, does the Senator not think it would be in line with proper responsibility if the Congress wrote the bills instead of having them sent to it by the Treasury Department?

Certainly, if Members of Congress write a bill, they ought to know what is in the bill, rather than follow the recommendations of the Secretary of the Treasury, who seems to be a gentleman who knows everything, but who in reality does not, inasmuch as he is blaming the Congress for overlooking a loophole.

Mr. KERR. The Senator is correct.

Mr. MANSFIELD. In that respect, who would be irresponsible—Congress, or the Secretary of the Treasury?

Mr. KERR. Of course, the Congress cannot escape its responsibility, Mr. President, in connection with the writing of tax laws. Neither can the Treasury Department escape its responsibility of giving the committees of Congress accurate information with respect to a proposed tax law.

The error was discovered, if it was an error; and I must assume that those who refer to it as an error are indeed charitable. It has not yet been demonstrated to me that it was not intentional on the part of the Treasury Department to label the item under discussion as one that would cost but little, knowing that it could cost up to $5 billion in 1 year. But, at best, it was an error. That is the most charitable interpretation that can be made. Although the Secretary of the Treasury and his staff recommended the provision, and said it would cost but an insignificant amount, that it, together with other items, would not cost more than $47 million, after he had been compelled to acknowledge that one provision alone would cost in excess of $1 billion, he then accused the Congress of irresponsibility in connection with its passage.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. KERR. I yield to the Senator from Illinois.

Mr. DOUGLAS. Is it not true that the chairman of the Committee of the American Institute of Accountants pointed out this loophole, and urged that it be corrected?

Mr. KERR. He warned against it, and the Treasury Department hooted at the warning. That is correct.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. KERR. I yield to the Senator from Kentucky.

Mr. BARKLEY. In the assessment of responsibility for irresponsibility, admitting that Congress, of course, is primarily charged, under the Constitution, with the duty of writing tax laws, who bears the greater portion of irresponsibility, the body that fails to catch an error when a proposal is sent to Congress by the Treasury Department, or the Secretary of the Treasury, who sends it?

Mr. KERR. And then refuses to recognize it.

Mr. BARKLEY. Yes. Who bears the greater portion of irresponsibility?

Mr. KERR. I thank the Senator from Kentucky for asking the question. I say the question answers itself.

Mr. GORE. Mr. President, will the Senator from Oklahoma yield to me long enough for me to read a relatively brief article which appeared in today's Wall Street Journal bearing on the point he is discussing?

Mr. KERR. I yield if I may do so without losing the floor.

Mr. GORE. This is a front-page article of the Wall Street Journal of Monday, March 14, 1955, under the heading, "Tax 'Loopholes.'"

Many a businessman is sadly concluding Uncle Sam is nothing but an Indian giver.

Two little-noticed sections of last year's 984-page tax law would save business anywhere from around $1 billion to $5 billion in 1954 taxes. But Congress, which had figured the saving at less than $50 million—

I digress to say, upon the advice of the Treasury Department—

is set to wipe both sections off the books.

A Wall Street Journal check of businessmen around the land indicates most of them were counting heavily on the two provisions. Talk of retroactive repeal stirs up a lot of corporate wrath.

"It is inconceivable to me that repeal would be retroactive," says the financial vice president of an eastern Pennsylvania company. "We would look on it as a 1955 tax against 1954 earnings."

"Retroactive repeal is unsound and unfair," argues Theodore O. Hofman, general controller of Borden Co., "because it changes the rules after the game has been played."

The game, Mr. President, was played last year, in preparation for a game that will be played next year.

I continue to read:

"We're opposed to repeal," says the tax consultant for a large San Francisco shipping firm, "because we made the changes in good faith. We resent the implication we are trying to get away with something shady."

THE BIGGER TROUBLEMAKER

One of the two provisions—section 452—merely provides that a company will not be taxed on income, such as advance rental payments, until the income actually is earned. But the bigger troublemaker is the more complex section 462. It permits a company to deduct from its 1954 taxable income not only its 1954 expenses but also reserves set aside to take care of certain estimated expenses in 1955 and later years.

Example: A taxpayer who sold household appliances subject to a service warranty in 1954 can deduct his 1954 expenses under the warranty and also a reserve fund for expected servicing expenses during the balance of the warranty's life.

Repeal—retroactive to January 1, 1954—appears certain. Treasury Secretary Humphrey, conceding the provisions were a serious mistake, has urgently requested it. And Democrats in Congress seem only too willing to go along. Because of a volley of protests from the National Association of Manufacturers and other business groups, the tax-writing Ways and Means Committee has scheduled public hearings beginning on Thursday (see story below), but these are regarded as little more than a formality.

IMPACT WILL BE HEAVY

The impact on many companies will be heavy. Allied Chemical & Dye Corp.'s 1954 taxes will be increased by about 10 percent, or $3 million.

In other words, Mr. President, that is one concern which, by this "blooper," unless repealed, will benefit by $3 million.

Mr. KERR. Mr. President, will the Senator permit me to interrupt at that point?

Mr. GORE. Certainly.

Mr. KERR. And that as a result of a proposal from a responsible Secretary of the Treasury who says it is fiscal irresponsibility to give a workingman a $20 deduction in the tax bill for himself and $10 additional for each one of his dependents.

Mr. GORE. Not only irresponsible, but it is plain silly; I believe that is what was said.

Mr. KERR. Yes.

Mr. GORE. I read further:

Continental Baking Co. figures its taxes will rise by $16,000, also about 10 percent.

Wagner Electric Corp., St. Louis, will find its tax bill boosted from $260,000 to $1,157,900.

Mr. President, I should like to have Senators on both sides of the aisle understand the difference between this corporation's tax bill without the "blooper" and its tax bill with the "blooper." By having the benefit of the "blooper," the corporation's tax will be only $260,000, instead of $1,157,900.

Mr. President, I read now another example:

A major trucking concern in New York, by using the provisions, was able to convert a substantial profit into an operating loss, not only eliminating 1954 taxes but potentially reducing its taxes in 1955 and later years—

All by benefit of the "blooper."

Mr. MANSFIELD. Mr. President, will the Senator from Oklahoma permit an interruption?

The PRESIDING OFFICER (Mr. BIBLE in the chair). Does the Senator from Oklahoma yield to the Senator from Montana?

Mr. KERR. I yield.

Mr. MANSFIELD. It did not take these boys long to find out about the "blooper." The figures the Senator from Tennessee has been reading already have been presented to the Bureau of Internal Revenue by the taxpayers concerned, namely, those particular companies.

Mr. GORE. Is the able Senator assuming that no one knew about it in advance?

Mr. MANSFIELD. I am assuming that Mr. Humphrey, who has just appealed to the House Ways and Means Committee, is giving the impression, at least, that he did not know about it until last week, when it was uncovered by a Democratic Member of the House of Representatives.

Mr. GORE. I do not challenge the assumption the able Senator makes; but, like the senior Senator from Oklahoma [Mr. KERR], I have yet to see it demonstrated that this was a plain error. Surely, before such a far-reaching change in the tax law was presented, someone in the Treasury Department must have made an analysis of it.

Mr. MANSFIELD. Mr. President, will the Senator from Oklahoma yield further to me?

Mr. KERR. I yield.

Mr. MANSFIELD. Then, from what the Senator from Tennessee has said, it would appear that the person who is guilty of fiscal irresponsibility is the Secretary of the Treasury.

Mr. GORE. I am not sure the Secretary of the Treasury is guilty of either responsibility or irresponsibility. But he is Secretary of the Treasury; he is the responsible head of that Department. The Treasury Department estimated that this change in the tax law would result in a loss—I believe I am correct in the figure—of approximately $50 million. Is that not correct?

Mr. KERR. No; a representative of the Treasury Department said that a number of these provisions, including the "blooper," would result in a loss of approximately $47 million; but that the loss due from section 462 (c) alone, to which the Senator from Tennessee addresses himself, would be an insignificant part of the $47 million.

Mr. GORE. Mr. President, I appreciate the correction.

Mr. DOUGLAS. Mr. President, will the Senator from Oklahoma yield, to permit me to make an observation?

Mr. KERR. I yield.

Mr. DOUGLAS. The Senator from Tennessee has pointed out the fact that in the initial year there could be a double deduction for expenditures for the current year, for the items for which a reserve is kept; and then a deduction for the following year.

Mr. GORE. Yes; and I have shown that this responsible newspaper has made a poll of corporations from coast to coast; and finds one that converts a sizable profit into a loss, and finds one that eliminates entirely its tax; and finds another that by benefit of the "blooper" will pay, in 1954 taxes, only $260,000, when without the "blooper" its tax would be $1,157,000.

Mr. DOUGLAS. In one case the Senator from Tennessee pointed out that a profit was turned into an apparent loss, by this section. Of course the same thing was true in the case of the Capital Transit Co., as I showed last week by a quotation from the Washington Post and Times Herald.

Has the Senator from Tennessee noted section 172 of the law, which provides that where there is a net operating loss, it may be carried back against the profits of the two preceding years? So a taxpayer can obtain a double deduction by means of these "bloopers"; he can get, first, a deduction for 2 years, rather than for 1; he can deduct the expenses for 2 years, rather than 1. Then, if that gives him a bookkeeping loss, he can apply that loss to the profits of the 2 preceding years, and can obtain a still further deduction.

Mr. GORE. In other words, he can go either backward or forward.

Mr. DOUGLAS. That is correct.

Mr. GORE. O, Mr. President, the "blooper" is a good one.

Mr. ELLENDER. Mr. President, will the Senator from Oklahoma yield to me for a moment?

Mr. KERR. I yield.

Mr. ELLENDER. Then, actually, the effect would be that in some cases, although the corporation had made a profit, the Government would have to pay the corporation money; is that correct?

Mr. GORE. Yes; a refund.

Mr. ELLENDER. Yes.

Mr. DOUGLAS. Would not that be equivalent to dropping a flyball twice?

Mr. GORE. Or to being called out twice, after making three strikes.

Mr. KERR. Or it would be equivalent to having the umpire rule a foul ball a home run. [Laughter.]

Mr. GORE. Mr. President, I appreciate the courtesy of the senior Senator from Oklahoma in permitting me to read these examples of the windfalls. Whether by mistake or by error or by the rules of the game of last year, it has been revealed as the major tax loophole in the history of tax legislation enacted by the Congress.

Mr. KERR. Mr. President, I appreciate the contribution the distinguished Senator from Tennessee [Mr. GORE] has made, with his usual alertness and keen discernment. I would join him in what I understood to be a part of the significance of his remarks, namely, that as between the Secretary of the Treasury and the taxpayers, the Secretary of the Treasury alone did not know what the "blooper" would do.

Mr. President, before we continue this phase of the discussion of the remarks of the distinguished senior Senator from Delaware [Mr. WILLIAMS], let me say, again, that I think he is one of the fine Members of the Senate. I do not know what there is about this tax bill debate that today caused him to turn with such ferocity on the majority leader, and say to him that if he and his associates on the substitute knew what they were talking about, they and the Senate would be better off.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Oklahoma yield to me?

Mr. KERR. I yield.

Mr. JOHNSON of Texas. If the Senator from Oklahoma will yield now to the Senator from Delaware, I think the Senator from Delaware is prepared to present the facts to which he addressed himself.

Mr. KERR. I will yield to him, but first I wish to get something into the RECORD.

Mr. President, after the Senator from Oklahoma had corrected the mistake for the Senator from Delaware; after the Senator from Oklahoma had read from the law, to verify the position he was taking, the Senator from Delaware continued to affirm that the positions he had taken with the majority leader and with the Senator from Oklahoma were correct, and continued to indicate that the only trouble with the Senator from Oklahoma was that he, also, had to depend upon having someone outside the Senate tell him what was in this law; and the Senator from Delaware read into the RECORD a statement which he said came from the chief counsel of the Joint Committee on Taxation, Mr. Stam.

Mr. President, I wish to say that I think Mr. Stam is one of the great authorities on taxation in the Nation. I think he is an invaluable public servant, one of the most competent and most underpaid men on the Government payrolls in Washington. I am not surprised at what he wrote. The thing that surprises me is that the Senator from Delaware read it and did not know what it meant.

There is no fault in Mr. Stam's knowledge or statement. He is entirely accurate, but the Senator from Delaware did not know what it meant. This is what it says:

Under the provisions of section 167 (c) of the Revenue Code of 1954 the new accelerated rates do not apply to property with estimated useful life of less than 3 years.

The Senator from Oklahoma had, somewhat previous to that, read that same language from the bill, but he had also called the attention of the Senator from Delaware to the fact that the accelerated depreciation provision did apply to machinery and other equipment with a useful life of 3 years or more, and had illustrated the effect of the law with reference to machinery which has a useful life of 3 years, to which the law is applicable. Straight line depreciation would give the taxpayer 33⅓ percent a year. But with the provision of the law which enabled him to take twice that amount in the first year of the life of the equipment to which the accelerated provision was applicable, the taxpayer would get 66⅔ percent credit in the first year, despite the fact that the Senator from Delaware said there was another provision in the law, which provided that in no event could the taxpayer get more than 33⅓ percent credit in any one year.

Mr. LONG and Mr. WILLIAMS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Oklahoma yield; and if so, to whom?

Mr. KERR. Just a moment.

Under that law, if the item has a useful life of 4 years, the taxpayer can take 50 percent the first year. If it has a useful life of 5 years, the taxpayer can take 40 percent credit the first year.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. KERR. I yield for a question.

Mr. WILLIAMS. I should like to have the Senator yield for a very brief statement. I do not know how to phrase it as a question. I wish merely to straighten out the RECORD.

What I previously said, I thought, was correct. I have since checked further with the chief counsel, and I find, under a certain mathematical formula, that it is possible under certain circumstances, over a period between 3 and 4 years, for the rate to be in excess of 33⅓ percent. I stand corrected, and I have so told the Senator from Oklahoma. I thought I was correct. I made an error.

So far as the statement I made earlier to the Senator from Texas is concerned, the substitute proposal would take away the accelerated rates which were available to farmers, and which had been extended for the first time in history. To that extent I was 100 percent correct.

Mr. JOHNSON of Texas. The Senator from Texas never questioned that statement.

Mr. WILLIAMS. I know the Senator from Texas did not. I was correct in that statement, but I was in error in the other statement I made to the Senator from Texas.

Mr. JOHNSON of Texas. My delightful friend from Delaware is now willing to admit that he does not need to lecture the Senator from Texas on that specific item, and that he has not done his own homework; is that not true?

Mr. WILLIAMS. I shall have more to say about the computations of savings which the Senator makes, most of which are fictitious. Also, I shall have something further to say as to the accelerated rate of depreciation. In my opinion, based upon figures which I placed in the RECORD, and which the Senator from Texas has not challenged, and which I do not think he will challenge, for the first time in history the accelerated rate of depreciation under the 1954 act gave to farmers and to small-business men a rate of depreciation which, previous to that time, had been extended only to the large corporations.

Mr. JOHNSON of Texas. The Senator from Texas does not deny that. That law gave the small-business man and the farmer the rate, but it gave the big money to the tool manufacturers and others who had peculiar situations, and they are getting away with almost $1 billion a year.

Mr. WILLIAMS. No.

Mr. JOHNSON of Texas. The Senator from Texas will debate that question with the Senator from Delaware tomorrow.

Mr. WILLIAMS. Yes.

Mr. JOHNSON of Texas. What the Senator from Texas wishes the RECORD to show is that the Senator from Delaware, who earlier questioned the statement of the Senator from Texas, now admits that it was the Senator from Delaware who was in error, and not the Senator from Texas.

Mr. WILLIAMS. On the point to which I referred; yes.

Mr. JOHNSON of Texas. We were not in dispute as to whether the farmers could get the accelerated depreciation allowance or not.

Mr. WILLIAMS. So far as concerns the Johnson proposal, which would cut the amortization allowance for the large corporations, we are in complete disagreement, because the Senator's proposal would go back to the old law, under which the major corporations got 20 percent, whereas under the 1954 act large corporations got less, but the farmers and small-business men got more.

Mr. JOHNSON of Texas. The Senator from Texas understands that the Senator from Texas and the Senator from Delaware are not in thorough agreement. The Senator from Texas would never expect that. When the Senator from Texas was in Rochester, Minn., he read that there were at least 47 Senators on the other side of the aisle—I wish they were present to hear the debate—who had already decided on what kind of tax bill should be passed.

What the Senator from Texas wants the RECORD to show is that the statement he made earlier, to which the Senator from Delaware objected, and which the Senator from Delaware sought to correct, was a correct statement. The Senator from Delaware stated that it was unfortunate that Senators did not have accurate information. The Senator from Delaware is now willing to admit that he was in error, and that the Senator from Texas was right.

Mr. WILLIAMS. Let us get the record straight. One of the remarks of the Senator from Texas, in which I said he was wholly in error, related to the estimated loss in tax revenue for 1 year under the Senator's tax reduction proposal. The projected savings, based upon extending the corporation rate 15 months beyond the time in the committee bill, were completely fictitious. I know of no better way to emphasize that fact than to ask the Senator this question: Instead of extending the rate for 15 months more, why did not the Senator strike out the termination date entirely and say, "We will extend the time indefinitely. Over a period of 100 years there would be a saving of three or four hundred billion dollars, and we could pay off the national debt"?

Mr. JOHNSON of Texas. For two reasons the Senator from Texas does not want to extend it indefinitely. He is not so hopeful as was the President in his message, that along about next April corporation taxes and excise taxes can be reduced. The Senator from Texas thinks it would be better to consider the entire problem in 1957, when we are not engaged in campaigning for office. That is the first reason.

The Senator from Texas realizes that the responsible Secretary of the Treasury testified before the committee, of which the Senator from Delaware is a member, that he had no objection to extending the rates indefinitely. If the Secretary of the Treasury, that responsible man, is willing to extend them indefinitely, I do not know why the Senator from Delaware becomes so upset about extending them for an additional 15 months.

Mr. WILLIAMS. The Senator from Delaware has not said that it makes no difference. I am not speaking about that point. I am speaking about the fallacy of saying, when the rates are extended for another 15 months, "Here is $3 billion or $4 billion more."

Mr. JOHNSON of Texas. Does the Senator deny that if we were to extend the rates from April 1956 to July 1957, which the Senator's proposal would not do, there would be an increase as compared with the Senator's proposal? Before the substitute was formulated, I asked for assurance from the administration to the effect that if we had no tax cut this year there would be none next year, until we could get the budget in balance. The Senator from Texas divulges no confidence when he says that he was unable to obtain such assurance. Being unable to obtain it, he thinks the administration has something in mind for next April, before the political conventions. In the light of the tax bills which have previously been recommended by this administration, the Senator from Texas believes that that "something in mind" is perhaps a little shot in the arm to help business to some extent next year. If we can do that for business next year, we can do it for all the people this year.

Mr. WILLIAMS. After having had in power for 20 years an administration which operated on the theory of tax, spend, and elect, always raising taxes but never lowering them, I am glad that at last we have an administration in power which is looking forward to the time when there can be a tax reduction. I am glad we have in power an administration which, when it did grant tax reductions, gave them based upon the historical record of what was done, and not on the basis of what was promised. It gave them where they were most needed.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. DOUGLAS. Now that this question has been disposed of, I should like to ask the Senator from Oklahoma if he has studied Latin.

Mr. KERR. To a limited degree.

Mr. DOUGLAS. Does the Senator from Oklahoma remember the peculiar Latin verb "aio"? It means "to affirm" or "let it be." It is a very peculiar Latin verb.

Mr. KERR. Mr. President, shorn of an avenue of escape, in the face of a point-blank question, and rising to the heights of frankness and sincere response, I must admit to the Senator from Illinois that I do not remember the word.

Mr. DOUGLAS. Would the Senator from Oklahoma be interested in the question of why section 462 (c) is like the Latin verb "aio"?

Mr. KERR. I would be interested and delighted to have the information from my good friend from Illinois.

Mr. DOUGLAS. I will say it is for these good reasons; namely, it is present, it is imperfect, it is impossible to conjugate, and it has no future.

Mr. KERR. In order to reorient myself, I take it that we are not only talking about a Latin word—well, Mr. President, I shall not make any personal application in this case. I leave it to the imagination of Members of the Senate.

Mr. DOUGLAS. By any chance is the Senator from Oklahoma referring to the Secretary of the Treasury?

Mr. KERR. The Secretary of the Treasury is such a delightful and charming fellow, the Senator from Oklahoma feels that sufficient direct reference has been made to him today. For the rest of this particular illustration, it might be well to leave the matter to innuendo and suggestion.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. KERR. I yield to the Senator from Montana.

Mr. MANSFIELD. I listened with a great deal of interest to the Senator from Delaware speak about the type of sound tax proposal that was being made by this administration, and I believe he illustrated his statement by referring to the Internal Revenue Code of 1954.

Who benefited from the tax act of last year.

Mr. KERR. Mr. President, it just so happens that that question is answered in the minority views filed with the Senate. This is the answer:

> And yet, the deficit forecast for fiscal 1955 did not prevent the administration from embracing a tax-reduction bill in which 77 percent of the immediate relief and 91 percent of the long-term relief went to corporations and large-income earners.

Mr. MANSFIELD. If I may continue, is it not true, that, on the basis of the most recent "blooper" uncovered by the Democrats, these percentage figures would be up?

Mr. KERR. Materially.

Mr. MANSFIELD. So far as corporations are concerned. However, so far as the people were concerned, they are getting nothing, and they have gotten nothing from the administration in over 2 years. Is that correct?

Mr. KERR. The Senator is eminently correct.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. KERR. I yield to the Senator from Louisiana.

Mr. LONG. Is the Senator familiar with the fact that some corporations have had difficulty in reporting to their stockholders the full extent of their corporation profits, in view of the new tax law?

Mr. KERR. In view of the fact that they do not know yet completely how many benefits they have under the law.

Mr. LONG. Furthermore, there is an additional difficulty in that they are permitted under the law to take depreciation on their equipment twice as rapidly as the actual depreciation occurs. Therefore, some stockholders are concerned when they receive a report which would indicate that the corporation has made a lower profit, when in fact, the corporation had made actually a greater profit. I wonder whether the Senator is familiar with the recent letter published by the National City Bank of New York which set forth that many large corporations are sending out two statements of profit and loss to their stockholders, pointing out that the profits reported to the Government are much less than actual profits, and also sending an accompanying statement which shows the actual profits, which are much greater than those reported to the Government.

Mr. KERR. That the actual profits are far greater than they have reported to the Government and on which they pay taxes, because they are under the umbrella of the Secretary's "blooper."

Mr. LONG. Not only because of the "blooper," but because of the accelerated depreciation, which the Secretary of the Treasury still defends?

Mr. KERR. That is correct.

Mr. LONG. Perhaps the Senator from Oklahoma would also be interested in the background of the votes taken in Congress by which the Democrats have repeatedly tried to raise the exemptions, whereas most Republicans have consistently opposed such efforts. I heard the reference made by the Senator from Delaware [Mr. WILLIAMS] a few days ago, to the effect that the Democrats had not tried to raise the exemptions. I have had prepared a statement on that subject, which I would like to ask unanimous consent to have inserted in the RECORD at this point.

Mr. KERR. Certainly. I thank the Senator for doing so.

The PRESIDING OFFICER. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

DEMOCRATS HAVE CONSISTENTLY FAVORED RELIEF FOR SMALL TAXPAYER

During the past few days, we have heard the claim repeatedly made that Republicans have always favored tax relief for the little man while the Democrats have always increased tax burdens. More specifically, it has been charged that increasing personal exemptions has been consistently an objective of the Republican Party, and equally consistently resisted by members of the Democratic Party.

A simple, brief chronology of some of the more critical votes on the tax bills of the 80th Congress, and on the Internal Revenue Act of 1954, should be sufficient to disprove this erroneous claim.

On March 26, 1947, H. R. 1, sponsored by Congressman KNUTSON, was brought up for debate in the House under a closed rule—granting 6 hours' general debate after the bill was read for amendment under the 5-minute rule. During the debate, proponents stated that the purpose of H. R. 1 was (1) to provide income-tax relief for all individual taxpayers who are still bearing the high and oppressive taxes of the war, and especially the little man; (2) to remove the deterrent to managerial efforts and to the investment of venture capital, which constitute so serious a threat to the maintenance of the present high level of production and employment and to the business of the future.

The first vote came on March 27, 1947, on a recommittal motion made by Congressman DOUGHTON to recommit H. R. 1 to the Committee on House Ways and Means for further study, with instructions not to report a tax reduction bill until the Congress had passed the several appropriation bills, thereby giving them an opportunity to consider individual income-tax reductions as a part of our overall postwar tax program and to provide for more equitable relief in the lower income bracket. The recommittal motion was rejected by a vote of 237 to 172. Two hundred and thirty-three Republicans, or 99 percent, voted against recomittal and 98 percent of the Democrats voted for recommittal.

Final passage of H. R. 1, on March 27, 1947, which gave to a couple with $100,000 income 1,000 times the tax relief ($12,625) it gave to a couple with $1,200 income (only $11.40 relief), was by a vote of 273 to 137. Two hundred and thirty-three Republicans, or 99 percent of the Republicans voting for passage and 133, or 77 percent of the Democrats voting against.

H. R. 1 was reported to the Senate amended and on May 28, 1947, Senator MCCLELLAN offered an amendment to raise personal exemptions to $750 from $500 for single persons and to $1,500 from $1,000 for married couples. The amendment was rejected by a vote of 44 to 27. Twenty-three, or 77 percent of the Democrats voted for the increased exemption and 37, or 90 percent of the Republicans voted against.

Following the rejection of the McClellan amendment, Senator Lucas proposed an amendment, in the nature of a substitute, to: (1) raise individual exemptions from $500 to $600; (2) permit family-income splitting, (3) reduce surtax rates by 2 percent; and (4) postpone effective date of bill to January 1, 1948. The Lucas amendment was rejected by a vote of 58 to 28 with 27, or 73 percent of the Democrats voting for and 47, or 98 percent, of the Republicans voting against.

On June 2, 1947, the House adopted the conference report on H. R. 1 which would have given a 60 percent increase in take-home pay to the 1,400 taxpayers earning $300,000 or more, and a 5 percent increase in take-home pay to the 46 million taxpayers earning less than $5,000. The vote was 220 to 99 with 183, or 99 percent, of the Republicans voting for the conference report and 97, or 73 percent, of the Democrats voting against.

The conference report then went to the Senate for consideration on June 3, 1947, where 42, or 96 percent, of the Republicans voted for adoption and 26, or 82 percent, of the Democrats voted against.

On June 16, 1947, the President vetoed H. R. 1 and on June 17, 1947, the House sustained the President's veto by a vote of 268 to 137 with 233, or 99 percent, of the

Republicans voting to override and 134, or 80 percent, of the Democrats voting to sustain.

The first House vote on the second individual income-tax reduction bill of the 80th Congress, H. R. 3950, sponsored by Congressman KNUTSON, came on July 8, 1947 on Congressman FORAND'S motion to recommit the bill to the Committee on Ways and Means with instructions to report back immediately with an amendment increasing personal exemptions from $500 to $600 and lowering surtax 3 percentage points. The motion was defeated by 261 to 151 with 232, or 99 percent, of the Republicans voting against recommittal and 148, or 84 percent, of the Democrats voting for. H. R. 3950 was passed July 8, 1947 by vote of 302 to 112 with 233, or 99 percent, of the Republicans voting for and 109, or 62 percent, of the Democrats voting against.

H. R. 3950 was reported in the Senate July 9, 1947. On July 14, 1947, during the debate on the bill, Senator MCCLELLAN proposed an amendment to raise personal exemptions to $600 from $500 for single persons and to $1,200 from $1,000 for married couples. The amendment was defeated by a vote of 47 to 43 with 33, or 75 percent, of the Democrats voting for and 38, or 79 percent, of the Republicans voting against. The bill, as passed by the Senate July 14, 1947, reduced individual income taxes by removing only 21 percent of the wartime tax burden for married couples with an income of $2,500 but 64 percent of the wartime tax burden for a couple with an income of $100,000, and 85 percent for a couple with an income of $1 million. The vote was 60 to 32 with 48, or 96 percent, of the Republicans voting for and 30, or 72 percent, of the Democrats voting against.

The President vetoed the bill July 18, 1947. The veto was sustained in the Senate on July 18, 1947 by a vote of 57 to 36 with 47, or 94 percent, of the Republicans voting to override and 33, or 77 percent, of the Democrats voting to sustain.

The third Republican income-tax reduction move occurred on January 27, 1948 when H. R. 4790 was reported to the House and brought to the floor January 29 under a rule allowing 2 days of general debate but no amendments, except those from the House Ways and Means Committee. The then Minority Leader RAYBURN moved to recommit H. R. 4790 and substitute a bill which would exempt 10 million low-income taxpayers from paying Federal income tax by raising personal exemptions by $200, or to $700. The motion was defeated by a vote of 258 to 159 with 236, or 100 percent of the Republicans voting against and 158, or 88 percent, of the Democrats voting for. The bill, as passed, although considerably improved by Democratic amendments within the House Ways and Means Committee, still favored the wealthy and the Committee estimated the revenue loss at about $7.1 billion. The vote was 297 to 120 with 234, or 99 percent, of the Republicans voting for passage and 118, or 65 percent, of the Democrats voting against.

H. R. 4790 was reported in the Senate March 16, 1948, and passed on March 22, 1948, by a vote of 78 to 11 with 48, or 100 percent, of the Republicans voting for and 30, or 73 percent, of the Democrats voting for passage. As passed by the Senate, the bill increased personal exemptions to $600 from $500, a tribute to the untiring persistence of the Democrats.

Although President Truman vetoed this bill because in his judgment the remaining inequities disqualified it for favorable action, that veto was overridden by the Democrats in Congress who were more realistic in their appraisal of the insuperable task of persuading a sufficient number of Republicans to relax their tenacious grasp on these unjust provisions. The House overrode the veto on April 2 by a vote of 311 to 88 with 229, or 99 percent, of the Republicans voting to override and 82, or 49 percent, of the Democrats also voting to override. On the same day the Senate overrode the veto by a vote of 77 to 10 with 50, or 100 percent, of the Republicans voting to override and 27, or 73 percent, of the Democrats also voting for passage of the bill.

H. R. 8300, the so-called tax reform bill of the 83d Congress, passed the House March 18, 1954, after 2 days of debate under a closed rule providing for 7 hours of debate. The closed rule provided that the bill could be amended on the floor only if the House Ways and Means Committee offered or agreed to specific amendments. The test vote came when Congressman COOPER made a motion to recommit the bill with instructions to eliminate the dividend tax credit provision and raise individual personal exemptions to $700 from $600. Recommittal motion was rejected by a vote of 210 to 204 with 201, or 95 percent, of the Republicans voting against and 193, or 96 percent, of the Democrats voting for recommittal. The bill passed March 18 by a vote of 339 to 80 with 208, or 97 percent, of the Republicans, and 131, or 65 percent, of the Democrats, voting for.

On June 30, 1954, the Senate's first vote came on the Millikin substitute amendment for the George amendment. The Millikin substitute would have provided a $20 tax credit for taxpayers only. The substitute was rejected 49 to 46 with 47, or 100 percent, of the Democrats voting against and 46, or 98 percent, of the Republicans voting for. The George amendment, which would have increased to $700 from $600 the personal income-tax exemptions for all taxpayers and their dependents, was rejected by a vote of 49 to 46 with 43, or 91 percent, of the Democrats voting for and 45, or 96 percent, of the Republicans voting against.

The Long amendment, very similar to the Millikin substitute, would have granted each taxpayer a $20 annual tax reduction and also would have deleted the provision giving corporation shareholders $50 of dividend income tax free. This was rejected by a vote of 50 to 33 with 30, or 77 percent, of the Democrats voting for the amendment and 41, or 95 percent of the Republicans voting against it.

After the Senate had acted to eliminate the provisions in the bill which would in 3 years have increased dividend credits to 15 percent from 5 percent the first year, Senator JOHNSON of Colorado offered an amendment to delete the dividend credit entirely. This amendment carried, 71 to 13, with 93 percent of the Democrats voting for it and 23 percent of the Republicans opposing it.

During House consideration of the conference report, which carried the 4 percent dividend credit provision now in the law, Congressman COOPER moved to recommit the conference report with instructions to delete the dividend tax credit which would benefit only 8 percent of the country's taxpayers. The motion was rejected by a vote of 227 to 169 with 204, or 99 percent, of the Republicans voting against and 165, or 88 percent, of the Democrats voting for. The House adopted the conference report on July 28, 1954 by a vote of 316 to 77 with 202, or 97 percent, of the Republicans voting for and 73, or 38 percent of the Democrats voting against.

The Senate adopted the conference report July 29, 1954 by a vote of 61 to 26 with 22, or 54 percent, of the Democrats voting against and 42, or 93 percent, of the Republicans voting for.

Mr. KERR. I thank the Senator for putting that statement in the RECORD. I am familiar with it. I believe it would be worthwhile for the Senator from Delaware to read the statement.

Mr. LONG. Will the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. LONG. I believe the Senator will find that the statement shows that since the last war the Republicans have never supported a provision to raise exemptions, although they finally agreed to raise the exemptions after the Democrats had repeatedly sought to raise them and twice sustained the President's veto for failure of the Republican-controlled Congress to put such a provision in their bills during the 80th Congress.

Mr. KERR. I thank the Senator for the information.

Mr. LONG. Reference has also been made to the fact that back in 1941, in a Democratic Congress, the exemption was lowered to $750. I have had another statement prepared which points out that at that time the purchasing power of the dollar was 40 percent higher than it is today, which would make an exemption of $750 as of that date appear to be more in the nature of $1,100 in terms of today's purchasing power. Furthermore, at that time the average laboring man was making $29.58 a week. That was in 1941. Today the average laboring man is making $71.64 a week.

Therefore, it can easily be seen that the average laboring man was not paying any income tax even when the exemption was $750. That was the case even if the laboring man was single. If he was a family man, he could have been earning the equivalent of $4,000 or $5,000 in terms of today's purchasing power of the dollar, without having to pay any income tax in 1941, at the time the exemption was reduced.

I should like to ask the Senator from Oklahoma to permit me to have that statement placed in the RECORD at this point in his remarks.

Mr. KERR. I should be glad to have the Senator do so.

Mr. LONG. Mr. President, I ask unanimous consent that the statement be printed in the RECORD at this point.

The PRESIDING OFFICER. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

EFFECT OF $750 EXEMPTION IN 1941—COMPARISON OF 1941 WITH 1954

(Data obtained from Mr. Knowles of Joint Committee on Economic Report)

The purchasing power of the dollar, using 1947 as a base equal to 100, was 159 in 1941. In 1954, using the same base, it was 87. This represents more than a 40-percent decline in purchasing power.

The average weekly wage in manufacturing establishments for 1941 was $29.58. In 1954 it was $71.64.

The decline in purchasing power of the dollar from 1941 to 1954 would indicate that $750 for each personal exemption in 1941 was equal to more than a thousand dollars today.

Despite this difference, a comparison of ability to pay for industrial workers indicates that the workers' increased income has been greater than the decline in purchasing power. This aspect is not especially pertinent in any event, because it would have to be related not only to the personal exemption but also to the level of taxation and other factors.

Mr. KERR. I now wish to return to the subject of the infallibility of the Senator from Delaware.

Mr. WILLIAMS. Mr. President, will the Senator yield for a question?

Mr. KERR. I yield.

Mr. WILLIAMS. I am wondering whether the Senator from Oklahoma was aware of the fact that, although what the Senator from Louisiana said is correct, namely, that there have been a great many expressions from the other side of the aisle with reference to raising the exemption, historically the record shows that in their entire history the Democrats did not raise the exemption even once, and that the exemptions were raised only in 1948, by the Republican 80th Congress.

Mr. LONG. Mr. President, will the Senator yield?

Mr. KERR. When I have answered that question of the Senator from Delaware.

To the degree that the inference of that statement is correct, let me say that it is the purpose of the six sponsors of the substitute to correct the situation. To the degree that the Senator from Delaware is sincere in the indication that he thinks the exemption ought to be raised, we ask him to join us in voting for the amendment, which will increase the exemption and recoup the revenue lost from the few, who last year received a special privilege under the 1954 act.

Mr. WILLIAMS. I may say to the Senator from Oklahoma that I would be glad to join him in raising the exemptions if we had in the Treasury the money with which to pay the cost. I took the same position the Senator from Oklahoma took last year, and voted against the bill as it was passed by Congress, because I said then that I did not believe it was sound tax legislation. We cannot help the American people under any form of a tax program which provides for reducing taxes on the basis of having to borrow money.

I did not think it was sound last year, and I agreed with the Senator fully last year. It is also an unsound policy this year. I pointed out the other day that, with a budget that is not balanced, to any degree that we cut taxes at this time we not only must borrow money in order to make a tax cut, but we must also pay interest on the money which we borrow, and charge it all to future generations. That is unsound financial policy.

Mr. KERR. I appreciate the Senator's question. The Senator referred the other day to the fact that he, and he alone, of those who were sounding off against the substitute proposal had voted against the Revenue Act of 1954. I remind the Senator from Delaware that the Senator from Oklahoma voted against the Revenue Act of 1954. The Senator from Oklahoma is among those who sponsor the pending amendment, and he and the other Senators who favor it are the ones with reference to whom the Senator from Delaware the other day asked the question, why if they felt it was unsound, more of them did not vote against the bill last year.

Mr. WILLIAMS. I do not believe that the Senator from Oklahoma was the one I was speaking about. If he will check the RECORD, he will find that many of the Senators who were asking that question had voted for that tax act. I believe it was the Senator from Louisiana who made the statement that he had voted last year for the dividend provision in the bill. That is fine. I do not question his sincerity. I do not question the sincerity of any of those who voted for the bill last year because I voted against it. However, in my opinion, when we must borrow money in order to make a tax reduction, we are not giving the American people bona fide relief. I think it can be done only by first cutting expenditures. That is my position this year, and it was my position last year. Many Senators on the other side of the aisle voted as I voted. The bill was not passed by the Republican Party alone.

As for the bill passed in the 80th Congress, President Truman said the Republican Party was responsible for everything that happened, so therefore, we took the credit or the blame for raising exemptions.

Mr. KERR. That is one further example of the Senator's liability to err. He said President Truman made the statement that the Republicans were responsible for everything that happened in the 80th Congress. In the first place, he was not even responsible for the 80th Congress.

But I wish to differentiate between the Senator's position last year and his position this year in reference to providing some tax relief to the low-income group.

Last year an amendment was offered to provide a tax credit to low-income groups that would have cost in the neighborhood of $2,300,000,000 in lieu of a provision in the bill that would involve a tax loss of $262 million. But the objection to the substitute this year does not have the same application as did the objection last year, because the substitute would raise more revenue than it would lose. The substitute, by repealing the dividend amendment of last year, and by repealing the accelerated depreciation provisions of last year's act, will bring more revenue into the Federal Treasury from those two sources alone in the next 2 fiscal years than will be required to give the benefits provided for the low-income taxpayers of the country.

The Senator from Delaware knows that to be so. Therefore, he knows that his statement that the bill is similar to the one of last year, in that it would increase the deficit, is not correct.

Mr. LONG. Mr. President, will the Senator from Oklahoma yield for a question?

Mr. KERR. I yield.

Mr. WILLIAMS. Mr. President——

Mr. KERR. I have yielded to the Senator from Louisiana. I shall be glad to yield to the Senator from Delaware in a little while. I would not, for the world, have him leave, because I want to continue to educate him if he will listen to me.

Mr. LONG. The Senator from Delaware stated that the Senator from Louisiana had voted against striking from the bill last year the provision relating to dividends on corporation stocks. Of course, the Senator was correct when he made that statement. There was an occasion when I did. I also voted against striking accelerated depreciation. But the Senator from Delaware neglected to say that I also voted for the George amendment which would have stricken from the bill relief on corporation dividends and substituted in lieu thereof relief to the average taxpayer by extending to them an increase in exemptions.

I took the position that while I was willing to vote tax relief for corporations, if I had to choose between corporation stockholders and the average taxpayer, I was going to give the little man the benefit of my vote. So I did vote to strike the dividend provision in favor of increasing exemptions when the George amendment was offered. The Senator from Oklahoma and I were cosponsors of the George amendment.

Mr. KERR. And the Senator from Louisiana voted for it, as I did, and the Senator from Delaware voted against it.

Mr. LONG. Furthermore, the Senator from Delaware referred to the fact that during the 80th Congress the Republicans passed a bill which increased exemptions. I hope the Senator will consult the memorandum which I placed in the RECORD on that subject which shows that not only once, but twice, in the Senate, and twice in the House, did the Republicans vote against any increase in exemptions.

Because of the votes cast by the Democrats in the Senate and in the House provision was finally inserted in the tax bill passed in that Congress for an increase in exemptions, and it was the Democrats in the Senate and the House who made it impossible to override the President's veto, until an increase in exemptions had been agreed to.

Mr. KERR. Mr. President, I wish to thank the Senator from Louisiana for this very illuminating recitation of legislative action.

Mr. President, again saying that I do this in the spirit of the best of good will, in an effort to get the record straight, and to illustrate the fact that the Senator from Delaware is not infallible, I should like to say that the Senator stated a few days ago, and repeated on the floor today a number of times, that if Congress repeals the rapid depreciation provisions of the 1954 act we shall thereby reinstate the rapid amortization provisions for defense facilities passed some years previously, and, thereby, grant greater benefits to big businesses.

If I am in error in that statement, I should like to have the Senator from Delaware correct me at this point.

Mr. WILLIAMS. I think the Senator will agree with me that in 1951 and 1952, under the previous administration, $22,800,000,000 worth of amortization certificates were issued, to large corporations, mostly, and there was a 20 percent rate of depreciation. In World War II there were only $7,300,000,000 worth of such certificates. After the Korean war three

times as many were granted as during World War II. For the first time in history we have extended a program whereby a farmer can write off his farm machinery on the same basis, and every man can get the same depreciation if he so elects.

I would refer the Senator from Oklahoma to page 1983 of part 4 of the hearings before the Senate Committee on Finance, where it is shown that Mr. Lloyd B. Culbertson, an economist of the National Grain Growers' Association, enthusiastically urged the committee to increase accelerated depreciation, because he said it would give the farmers a right to write off their plants on a more realistic basis. The only exception he made was that it should be made retroactive on equipment which had already been purchased. The committee felt it could not do that, but it did make it applicable to all equipment purchased thereafter.

I think the Senator from Oklahoma will agree with me that under the provisions of the Johnson substitute we are repealing this accelerated rate of depreciation which, for the first time in history, gave the American farmer and the small-business man the right to write off their equipment.

Mr. KERR. I appreciate what the Senator has said. It is not at all in response to the question I asked him. I did not too greatly expect that he would respond to my question, because to have done so would have been to agree with my thesis at this time, which is that his statement with reference to the repeal of the provisions had elements of error in it. He said that the repeal of the rapid depreciation provisions of the 1954 act would result in the reinstatement of the rapid amortization provisions of the Defense Facilities Act and allow greater benefits to big business.

The fact is that the Johnson-Kerr-Barkley-Long-Frear-Smathers substitute, now before the Senate, does not in any way affect the rapid amortization provisions of the Defense Facilities Act, which was passed some years ago. That law is now section 168 of the Revenue Code and is in full force and effect. Under it last year, more than a billion dollars of accelerated depreciation was allowed. Accelerated depreciation is being allowed under it this year. The estimate is that another billion dollars of accelerated depreciation will be granted under that law this year.

In spite of the fact that the Senator from Delaware has said that which would tend to lead us to believe that the passage of the proposed substitute would reinstate that law, that act is still on the books, and will be until an action by the President of the United States terminates it, regardless of whether or not Congress repeals the provisions written into the 1954 act.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. KERR. I yield for a question.

Mr. WILLIAMS. Very well. I shall phrase what I have to say in the form of a question.

Does not the Senator know that if the accelerated rate of depreciation provision should be repealed, the prior act will be put back into full force? Does he not agree with me that any corporation or any individual utilizing the accelerated rate of depreciation under the existing act would not be able to use the amortization formula; and for that reason, since this act has been passed, the amount of amortization certificates has dropped $1 billion—I do not have the figure; the Senator from Oklahoma said it was $1 billion; I accept that—as compared with $11 billion before the law was passed? In other words, the amount of amortization certificates is $10 billion lower, based upon the figures of the Senator from Oklahoma. All of that was at the 20-percent rate. That is $10 billion lower on the 20-percent rate. The Senator has defeated his own argument.

Mr. KERR. The distinguished Senator from Delaware uses many words which fail to disclose his lack of confusion, and which, if not understood by listeners, would create for them confusion.

The repeal of the accelerated depreciation provisions of the 1954 act would not reinstate the provisions of the prior law, because the provisions of the prior law are still in effect. How can something be reinstated which has not been "instated"? How can something be reenacted which is still the law?

If the Senator from Delaware would read the law, and then limit his statements on the floor to what is contained in the law, he would both save himself embarrassment and the rest of us hesitation on account of the high regard we have for him; and then we would reflect that merely because he said it, perhaps it was correct.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. HUMPHREY. Is it not true that one of the reasons why there has been a decline in the authorizations for rapid depreciation under the Defense Facilities Act is simply that the war, the shooting, is ended in Korea; and second, that the large amount of defense plant construction which had been authorized under the terms of that act has already come into being; and that it is not possible to compare this year with 2 years ago in terms of total volume of dollars?

Mr. KERR. The Senator from Minnesota is eminently correct.

I am leaving unchallenged the statement of the Senator from Delaware, with reference to the decline from $11 billion to $1 billion, because I intend to check that. Then I think I will have an opportunity to call the Senate's attention to another error made by the Senator from Delaware; but I shall not do so until I have checked the record.

Mr. HUMPHREY. Mr. President, will the Senator further yield?

Mr. KERR. I yield.

Mr. HUMPHREY. Is it not possible, too, that under the provisions included in the 1954 Internal Revenue Act pertaining to accelerated depreciation schedules, because of the laxity of those provisions and the generous treatment contained in them, which cover not only defense facilities, but also all other types of facilities, many persons who would have had to justify their applications under the Defense Facilities Act were able automatically simply to take advantage of the opening of the floodgates under the Internal Revenue Act of 1954?

Mr. KERR. The Senator is eminently correct.

Mr. President, the crying injustice of the Act of 1954 is illustrated by this fact: Under the Defense Facilities Act, accelerated depreciation was allowed only to the extent of letting a taxpayer charge off a defense facility in 5 years. In order to do that, the taxpayer had to justify the action by the Government to permit him to charge it off at the accelerated rate; and only in the rarest of instances did the taxpayer get permission to charge off more than 60 percent of his investment by the accelerated rate to get it entirely charged off in 5 years.

Lo and behold, under the provisions of the 1954 Act, the taxpayers do not have to make application. They are not limited to five years, on many investments. They are not limited to a percentage of their total investment. But automatically they have a provision of accelerated depreciation charge-off which can be as great as 66⅔ percent in one year.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. KERR. In a moment. I wish to refer to the farmers. Then I will yield to the great Senator from Delaware. I think he will be wanting me to yield then.

If it were not so pathetic, if it were not so tragic, I would have to say that to defend the accelerated depreciation act of 1954 because of what it does to the American farmer would be the height of absurdity and most ludicrous.

Mr. WILLIAMS. Based upon that, it must be——

Mr. KERR. I will yield to the Senator in a moment.

Can you imagine, Mr. President, letting the corporations accelerate depreciation on millions of dollars' worth of equipment, simply in order to let a farmer who has not made any money in 3 years, have an additional charge-off against income that he has not had, with reference to a tractor on his farm?

Does not the Senator from Delaware know that Benson is the Secretary of Agriculture, and that farmers no longer have profits against which to charge off their purchases of equipment at any rate of depreciation?

The defense of the depreciation provisions of the 1954 act because of the benefits farmers received from them reminds me of the deep mourning in one community of citizens back yonder, in a year when there was a scarcity of swine. They did not have any hog killings that year, and that group of citizens did not get any chitlins, which was all they had ever got out of the hogs anyway. They were in mourning because there had not been any hog killing that year; therefore they did not get any chitlins.

About all the farmers ever would get out of the accelerated depreciation provisions of the act of 1954 would be a small portion of spoiled chitlins.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. KERR. I yield for a question.

Mr. WILLIAMS. Based upon his description of the accelerated depreciation amendment, the Senator from Oklahoma almost convinces me that it may be as vicious as the oil-depletion allowance, which I am sure we do not wish to discuss now.

I say to the Senator from Oklahoma that the facts which I placed in the RECORD with respect to accelerated depreciation were based upon reports furnished by the Director of the Budget. I am sure the Senator does not challenge them. If they are embarrassing to the Senator from Oklahoma, to that extent I regret that I felt the necessity of placing them in the RECORD.

Mr. KERR. Let me say to the great Senator from Delaware that he is incapable of embarrassing the Senator from Oklahoma either with facts or misfacts or figments of the imagination. Let the Senator make his efforts on this floor and try to embarrass the Senator from Oklahoma. He would welcome such efforts. I say to the Senator the result would be repeated acknowledgment of error on his part.

Mr. WILLIAMS. I fully recognize it would be very hard to embarrass the Senator from Oklahoma, and I certainly am not going to try it.

Mr. KERR. Then we understand each other.

Mr. WILLIAMS. As to the accusation of the Senator, in speaking of Secretary Benson, I wish to remind the Senator that in the first 2 years of Secretary Benson's administration he was administering a law which was left on the books by the previous administration, providing for 90 percent of parity. We are hoping for better things when the new law which the Secretary has urged the Congress to pass goes into effect. I may add that the so-called flexible formula was in the Democratic platform of 1948 and was defended by both parties.

Mr. KERR. I dispute the statement of the Senator from Delaware. Secretary Benson was not administering the law. He was misadministering the law. To administer a law, one has to carry it out in both letter and spirit, and I submit the record shows, and every farmer in this country knows it, that Secretary Benson did neither.

I invite the Senator from Delaware to tell the dairy farmers of his State that Secretary Benson carried out the spirit and the letter of the law he found on the books at the time he took office. Let him tell it to the farmers of Oklahoma and Minnesota. The Senator will then understand why it is, and why in the future it will be, that when Benson speaks to farmers he goes under the protection of a special corps of deputy sheriffs, and has the protection of barriers of barbed wire and snow fences between him and his audience.

Mr. HUMPHREY. Mr. President, will the Senator from Oklahoma yield for a question?

Mr. KERR. I yield.

Mr. HUMPHREY. Has the Senator from Oklahoma been impressed by the Republican economics involved in some of their attitudes on fiscal and economic conditions as they relate to the Department of Agriculture and the Secretary of the Treasury, namely, that the way to make the country efficient, healthy, and prosperous is by lowering farm prices on the one hand and increasing exemptions and deductions for corporate business on the other hand?

Mr. KERR. Both statements are consistent with the record of the present administration.

Mr. HUMPHREY. Will the Senator yield further?

Mr. KERR. I yield.

Mr. HUMPHREY. Would it not be fair to say that if someone who was merely a cursory student of American government, but had some knowledge of American political parties, should come to this country on a visit, and notice that farm prices were down and the stock market prices were up, he might immediately assume that the Republican Party was in charge of the Government?

Mr. KERR. He would only have to see the first of the two conditions mentioned by the Senator from Minnesota to know that the Republican Party was operating.

Mr. HUMPHREY. The second condition would confirm his opinion, would it not?

Mr. KERR. The second circumstance would not be necessary to the observer. If he saw that farm income was down and going lower, he would know the Republican Party was in power.

Mr. HUMPHREY. There is apparently a design on the part of the proponents of the tax measure of the Secretary of the Treasury to indicate to the American people that this great tax law was of benefit to the farmers. Would it not be well for those who are supporting that proposition to point out the generous benefits which the American farmers have received from this great measure?

Mr. KERR. I will tell the Senator how that illusion arose. This administration has reduced the tax burden of the American farmer——

Mr. HUMPHREY. There is no doubt about that.

Mr. KERR. By eliminating his income. The only promise made by this administration to the American farmer which it has kept is that it would reduce farmers' income taxes, and it kept that promise by eliminating the income that was taxable.

Then the proponents of the law talk about the benefit a farmer gets from the accelerated depreciation provision, which will represent a benefit according to the report of the Ways and Means Committee of the House, of $19 billion-plus in the next 18-year period. I challenge the Senator from Delaware to show what part of that estimate was based on the benefits the farmers will receive from accelerated depreciation on tractors and other machines.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. KERR. I am yielding presently to the Senator from Minnesota. I shall yield to the Senator from Delaware shortly.

Mr. HUMPHREY. The Senator from Oklahoma has noted with accuracy, as would be expected from him, how the Republican administration lowered the income tax for the farmers by lowering their incomes——

Mr. KERR. By eliminating their incomes.

Mr. HUMPHREY. Yes, by eliminating their incomes. The Senator from Oklahoma knows, of course, that the administration wants to be fair——

Mr. KERR. No, I do not.

Mr. HUMPHREY. The Senator recognizes the administration would like to get equal benefits for all taxpayers——

Mr. KERR. No, I do not.

Mr. HUMPHREY. For the purposes of this discussion, let us assume that as a hypothetical situation. Would the Senator say, from the pronouncements of the administration——

Mr. KERR. Oh, I am aware they are claiming that.

Mr. HUMPHREY. Since the administration has reduced income taxes by lowering the income of agricultural workers, would it not be fair to expect the administration to reduce the income taxes of big business by certain gimmicks in the tax law so the administration could say that it had also lowered the taxes on big business?

Mr. KERR. The administration could say it has lowered taxes, and it could say to farmers, "We have given you a gadget which will benefit you in the event you are ever in the black again." [Laughter.]

I wish to say to the Senator from Delaware I can think of no more comforting knowledge in the hearts of the farmers than the hope of that gladsome day when once again the farmers can clasp with strong and clinging hands that portion of the 1954 act which gives them the opportunity to have the benefits of the accelerated-depreciation provisions on farm machinery. Oh, what a happy thought that is as the farmer lives in the midst of the economic reaction brought about by the maladministration of the party of the Senator from Delaware. How happy it ought to make him as he looks in the faces of children that can no longer be sent to school, as the farmer looks at cattle that are no longer worthy of a place on his farm, as he looks at dairy cattle that can no longer give enough milk for him to sell in order to buy feed for them. How marvelous it is that the farmer can comfort himself by saying, "If my farm operations again show a profit, the great Republican Party has discharged its duty to us by fixing it so I will have the privilege of the accelerated-depreciation provision on farm machinery which I am going to buy in the future."

What a travesty on justice. I want to say that is about as strong as any other claims I have heard the Republican Party make to justify the reasons why farm families should support a Republican administration.

Mr. HUMPHREY. Mr. President, will the Senator yield further?

Mr. KERR. I yield.

Mr. HUMPHREY. The Senator would not want to exclude from the alleged benefits granted to farmers, credit for

dividends received from stock; would he?

Mr. KERR. I think it is going to be wonderful and be a great comfort to the farmer to realize that if the day ever comes when he will have an income, he can thank the equity and the fairness of the Republican Party which made it possible for him to claim exemptions in his income tax for dividend credits.

Mr. HUMPHREY. Would the Senator be inclined to believe that the Republican Party got the two kinds of stocks confused, the stock which is going up in the market and the stock that is found on the feed lot, which is going down?

Mr. KERR. I wish I could say what the Republicans did in that connection was due to ignorance on their part. But I desire to say to the Senator from Minnesota that I think they knew just as well what they were doing when they destroyed the economic foundation of the American farmer, as they did in building a greater foundation under the economic security of the large corporations.

Mr. HUMPHREY. Mr. President, today the Senator from Minnesota is in a charitable spirit, let me say. That is why I am treating this subject with kindness and compassion. However, I shall come tomorrow with a little touch of acid.

Mr. KERR. Mr. President, who knows but that on tomorrow the great Senator from Minnesota will be as realistic in his appraisal as he so often is; and I wish to be present to hear him.

Mr. HUMPHREY. I shall try to accommodate the Senator from Oklahoma.

Mr. KERR. I wish to be here to revel.

Mr. President, if the Senator from Delaware now has any questions to ask, I am willing to yield to him at this time.

Mr. WILLIAMS. Mr. President, I appreciate the willingness of the Senator from Oklahoma to yield to me. But, frankly, I have forgotten what he has been talking about. [Laughter.]

Mr. KERR. Well, Mr. President, there is this difference between the Senator from Oklahoma and the Senator from Delaware: The Senator from Delaware may have forgotten what I was talking about; but that indicates that at least once in his experience he knew what I was talking about. And that is more than he can say about himself when speaking on this floor. [Laughter.]

Mr. President, I yield the floor.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. GORE. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GORE. Mr. President, in voting on the Johnson amendment, the Senate is not choosing between a balanced budget, on the one hand, or tax reduction, on the other. Neither is it a choice between a large reduction in governmental revenue or a large increase in governmental revenue. True, the Johnson amendment will provide some millions of dollars of additional revenue; but that is not its distinguishing characteristic.

The real choice of the Senate, Mr. President, is between tax reduction for the economically privileged few, on the one hand, or for the economically hard-pressed many, on the other. As I see it, the choice is precisely that simple.

Despite the recent rise in unemployment, I would seriously question the wisdom of voting materially to reduce, at this time, governmental revenue from either group. Indeed, I publicly announced my inability to vote for the individual tax reduction that recently passed the House of Representatives. To be sure, I am aware of the compensating economic theory and of the recommendations of Mr. Keyserling and many other economists. Moreover, I acknowledge that there is much merit to this theory of taxation. I have always had my reservations about taking it too literally, though, because it appears somewhat impractical in political practice. In other words, Mr. President, many in Congress are ready to vote large tax reductions at the very first signs of recession, or, indeed, without such signs. But the brave knights who advocate higher taxes even in the most prosperous times are a bit hard to find. I do not, however, find the stated reservation which I hold incompatible with a choice of a small tax reduction for our many low-income families, instead of large and, to say the very least, questionable tax reduction for a favored few.

Thus, Mr. President, I shall support the Johnson amendment. Should this amendment unfortunately fail of adoption, I will then offer amendments to close several glaring tax loopholes in the Revenue Act of 1954.

Last year when the Congress voted to reduce taxes I opposed the cuts partly because I felt we should not be reducing the flow of revenue to the Treasury when we were faced with a $4.7 billion deficit and a demand on the part of the Eisenhower administration for an increase in the national-debt limit. In the absence of compelling economic factors, I do not believe it is sound to make tax cuts when the Government has to borrow money to pay for those reductions. I doubt if economic factors were sufficiently compelling last year to justify large-scale tax reduction.

And, then, I held the deepest of convictions that the 1954 tax bill was unfair and unsound—that it contained many, many loopholes, errors, and unjustified tax favors.

This year, when the President sent his budget message to Congress, he forecast a $2.4 billion deficit. True, that is smaller than the deficit we faced last year. But a $2.4 billion deficit is still a great deal of money, and I fear that it is an overly optimistic estimate. Furthermore, I do not believe the budget took adequately into account the tremendous sums of money the Congress is likely to be asked to appropriate this year when the highway and school-building programs are finally reported from committee and enacted. There is urgent need for these programs; and because of these and other needs, we may find when we total up appropriations at the end of the year that the deficit will be considerably larger than the $2.4 billion forecast by the President.

Unfortunately, however, as I have said, the Senate is not faced with a choice between balancing the budget and voting tax relief. The choice before us is whether we shall continue to give unwarranted tax favors to business and stockholders of corporation stock or whether we shall revoke those favors and substitute therefor tax relief to millions of low-income families throughout the Nation. Faced with such a choice, as I and others are, I am constrained to support the kind of tax relief which will benefit the low-income families, for they constitute the greater part of our population, and they need the relief most. I hope the Johnson amendment will be adopted. Simple social justice requires it.

I shall shortly send to the desk, Mr. President, one of several amendments to be called up in case the Johnson amendment shall be defeated.

This amendment would repeal sections 34 and 116 of the Internal Revenue Code of 1954 which gives certain favorable tax credits to recipients of income from corporate stock.

This provision of law admits to our tax statutes unwarranted tax favoritism that is the very antithesis of the principle of taxation according to ability to pay.

For the first time in American history unearned income from corporate stock holdings is given a tax preference over earned income—indeed, over all other income, even income from wartime United States savings bonds.

I point out that during the war drives were made for the sale of such bonds. The people responded patriotically, digging deep into their savings. Since then the rise in the cost of living and the advance in the cost index have depreciated the value of those bonds, yet the tax law of 1954 gives an income tax preference to income from corporation stock, even over the meager return from these wartime bonds.

One would hardly believe this possible in popular government, but here it is in the law. It must not be permitted to stand. The principle and precedent—the nose-under-the-tent—is more important than the amount of revenue involved, though the loss in revenue is very considerable.

When a citizen buys General Motors stock, I believe he invests his money. I doubt if very many, if any, average citizens buys G. M. stock because of pure pride of ownership or under any illusion that they will thereby become part of the management of General Motors. No, I submit, that is not the motive. The motive is investment, with the hope of reward. In this sense, it differs but little from investment in a farm, a gasoline service station, a piece of rental property or for that matter, a United States Government bond, except in limited liability, which favors the corporate investor.

Income from all these investments should be equal before the law.

Some day, when we can afford it, I would like to see a reenactment of a reasonable preference for income earned by the sweat of the brow. Wartime need for revenue forced the abandonment of this essentially sound preference for human effort over rewards from material possession. A tax preference for income from corporation stock over earned income and all other income cannot be successfully defended.

One of the principal arguments relied upon by the proponents of this provision is that the income received by shareholders in private corporations in the form of dividends is taxed twice, once to the corporation and again when received by the shareholders. Proponents object to this as "double taxation." I submit that in consonance with law it is not double taxation, and I can perceive no logical basis for this argument. When the corporation earns income, it is taxed as such to the corporate entity. When the investment of the stockholder earns income in the form of dividends, it is taxed to him. I can see no anomaly in this. The proponents of this provision would have us ignore, for the purpose of income tax, the independent existence of the corporate entity—but only to a certain extent.

They would not have us ignore that corporate form to the extent of taxing the income of the corporation directly to the owners of that corporation. In objecting to this proposition, they declare that if it were compulsory, various constitutional implications would be raised since income must be realized to be taxed and it is doubtful whether undistributed income has been realized by the stockholders. Thus, shareholders seek the protection of the corporate veil so as to shield themselves from the imposition of individual income taxes upon their proportionate share of the earnings of the corporations. But for the purpose of this scheme which they have put across they ignore the corporate form and blandly declare that the recipients of dividend income have already been taxed upon such income because their corporation has paid its tax. Consistently they have sought the protection of the corporate form when it would benefit them, and have sought to ignore it when their self-interest dictated.

If they would escape the corporate income tax they can easily do so. There is no legal compulsion upon any businessman to incorporate, nor is there any compulsion upon any investor to purchase the stock of a corporation. Yet, the incorporation of business enterprises continues and investments in corporate stocks increase. The investors responsible for this increase are aware of the distinction made in the Federal tax laws between the corporate form and its shareholders. They are aware that a tax is imposed upon each. That they choose to continue to invest in this type of enterprise is indicative of the fact that they feel that the advantages to be gained by incorporation far outweigh the so-called tax disadvantages.

We are all aware of the best-known privilege enjoyed by holders of corporate stock; namely, the economic insulation which the corporation affords its owners. Though the vicissitudes of business may imperil the investment of the shareholder his risk stops there. His other personal possessions are free from the demands of creditors, safe from the levy of the court, secure behind the walls of his own personal identity. All this because the corporation and the stockholder are separate persons, between whom there is a chasm which cannot be crossed by the most insistent creditor or the strongest process of the court.

Do the recipients of dividend income imagine that this freedom from personal liability is a gift of nature? Is it a natural resource which they enjoy by right of discovery? Of course not.

The proponents of this unsound provision of law were aware of those facts at the time the bill was passed. They are aware of them now; so are those of us who resisted its passage and who now seek its repeal.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. GORE. I am glad to yield.

Mr. MONRONEY. I am very much interested in what the junior Senator from Tennessee is saying about the advantages which are enjoyed by investors in corporate stocks and the insulation from the normal personal risks as compared with those taken by a private entrepreneur.

While both are parts of our free-enterprise system, I agree that the man who risks his money in a partnership or in a personal business venture is certainly at a disadvantage as compared with the man who merely sits back and purchases existing stocks, particularly those listed on the stock exchanges of our great cities.

As the distinguished junior Senator from Tennessee well knows, the Banking and Currency Committee is engaged in a study of the stock market and the conditions surrounding its present high level.

It has been developed in that inquiry that today stocks are selling on the stock exchange at approximately 15 times their earnings; whereas before the crash in 1929, when stocks reached an alltime high, they were selling at only 17 times their earnings.

The point I wish to ask my distinguished colleague about is, if the cry regarding so-called double taxation and the great penalty stockholders claim they bear as a part of the tax burden, were real and true and important, could the distinguished junior Senator from Tennessee feel that the stock market could have possibly reached the high figure at which it is today under such an onerous burden of taxation?

Mr. GORE. I believe the record of the rise in value of corporate stocks proves that such stocks are profitable investments. It proves also, I believe, that the American people enjoy a fling at speculation. It also demonstrates the effect of the tax legislation of 1954, which gives favors to income from that particular source.

Mr. MONRONEY. The distinguished junior Senator from Tennessee would agree with the junior Senator from Oklahoma, would he not, that the vast increase in stock market prices, in rising to new highs, has taken place since the passage of that act, which treats the giant corporations and the holders of securities on a very special basis. Is that correct?

Mr. GORE. It is.

Mr. MONRONEY. I am advised that in the past 6 months the appreciation has been more than $66 billion in paper profits in the stock market, at a time when farmers and other elements of our national economy were losing billions of dollars. Yet, with the tax favoritism shown in the last tax bill, we have seen the stock market reach new highs each day, until this past week. Yet the cry goes up about double taxation and that this booming business in negotiable stocks is carrying too high a proportion of the taxload.

Mr. GORE. I thank the Senator for his contribution. As he well knows, the corporate entity is a legal fiction, a product of the law. It exists only in the laws of the United States and in the laws of our respective States. It is ridiculous to say that there is anything wrong, either legally, morally, or ethically, in making the enjoyment of this benefit subject to any conditions which the Federal Government or the States choose to impose.

Mr. MONRONEY. Mr. President, will the Senator from Tennessee yield further?

Mr. GORE. I am happy to yield.

Mr. MONRONEY. I quite agree with the distinguished Senator from Tennessee. I should like to invite his attention to some figures developed by the staff of the Senate Committee on Banking and Currency which show that more than half of the earnings made by corporations over the years 1944 to 1954 have been plowed back into the corporations. In other words, more than half of the earnings have been retained, and, therefore, have borne only the original corporate tax, with all the advantage of depreciation, wartime-accelerated depreciation, and other devices which have been found in the tax laws.

Mr. GORE. Will the Senator not agree that that demonstrates one other advantage of corporate ownership and the ownership of corporate stock? The retained earnings have not been taxed to the shareholder, and yet there has been an appreciation of his holdings. Should he sell his stocks at their appreciated value he would pay not the normal tax, but only a capital-gains tax. Not so with a partnership. Not so with personal ownership of a business.

Every dollar that is earned from a personally owned business or from a partnership is taxed at the time, in the year, and to the person to whom it belongs. But not so with corporate holdings. The record shows that in recent times as much as 70 percent of corporate expansion has been financed by retained earnings.

Mr. MONRONEY. Mr. President, will the distinguished Senator from Tennessee yield so that I may request unanimous consent to place in the RECORD at this point a statement of the corporate profits, after taxes, for the years 1944 to 1955, in billions of dollars, the retained earnings in billions of dollars, and

the dividends declared in billions of dollars, which roughly show that far more than half of corporate earnings have been plowed back and have not paid income tax, but, as the Senator from Tennessee has so well shown, have resulted in an appreciation of capital values which can remain untaxed forever unless the owner of the securities chooses to sell on an advantageous market. Furthermore, if he should sell on a disadvantageous market, he has the right to offset his loss against other profits he has made, so that he is doubly insulated against losses.

Mr. President, I ask unanimous consent to insert at this point in the RECORD the table of earnings to which I have referred, showing corporate profits after tax, retained earnings, and dividend distributions.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

TABLE 1.—*Corporate profits after tax, retained earnings, and dividend distributions, selected years, 1944–54*

[Billions of dollars]

	Corporate profits after tax	Retained earnings	Dividends
1944	10.4	5.7	4.7
1946	13.4	7.7	5.8
1948	20.3	13.0	7.2
1949	15.8	8.3	7.5
1950	22.1	12.9	9.2
1951	18.7	9.6	9.1
1952	17.2	8.1	9.1
1953	18.3	8.9	9.4
1954	17.8	8.0	9.9
Total	154.0	82.2	61.9

Mr. GORE. Mr. President, this brings to mind one other advantage of the corporate entity. It has been advanced by some that this provision was put forward for the benefit of the small shareholder. That is not so. It has been represented that it was for the benefit of small business. That is not so. One advantage which the small corporation has and one which is rather typically in use is the payment of most of the profits of the corporation in the form of salaries and bonuses.

Then there is still another, which is the opportunity of the small closely held corporation to liquidate and distribute, subject only to the capital-gains tax.

I wish to say emphatically that those who make a corporate investment choose it in the knowledge of the treatment under the law of a corporation as a separate legal entity. They choose it fully aware of the fact that the Federal tax laws levy a burden upon the corporation as one person and upon the shareholder as another person whenever a dividend is declared and distributed.

The corporate person is a legal fiction. It exists only in the laws of the United States and of the States, and it is ridiculous to say that there is anything wrong—either legally, morally, or ethically—in making the enjoyment of this benefit subject to any conditions which the Federal Government or States choose to impose.

In spite of the tremendous advantage of limited liability made possible by the corporate form, this is by no means the only—or even the greatest—benefit, which incorporation makes possible. In this day and age, the complexities of modern business life require a business unit which possesses an existence uninfluenced by such human frailties as death or sickness—a business unit which may serve an enterprise for an indefinite period into the future. This perpetual continuity of existence is especially important in making plans for long-term utilization of heavy property investments.

The advantage of perpetual life is a major factor in another—and perhaps the most important—advantage of incorporation: Its greater accessibility to means of financing. Lenders are especially interested in the fact that the lifetime of the corporation is independent of any of those persons who have joined to create it. The ability to issue and sell additional equity securities without materially diluting the control of the business enterprise is an added financing advantage not available to sole proprietorships or partnerships. The widespread use of the corporate device has led to the development of stock exchanges which, in turn, have enabled corporations to tap sources of capital unavailable to other business forms, for the small stockholder, with only a moderate amount to invest, constitutes an important reservoir of new money, which the corporation managers are striving to tap with every resource at their command.

Many investors might hesitate to risk money in a business venture if they knew it would be difficult to withdraw whenever they desired. The corporate device offers at one and the same time the appeal of continuous business activity by the corporation, with the added possibility of entrance and withdrawal from ownership rights by every individual investor. This liquidity of the shareholder's investment has been one of the most effective of all corporate advantages in stimulating general investment and in making possible the accumulation of large sums of money for disposal by the corporation's management. I submit that it is this fact which constitutes one of the principal attractions for corporate investors. It is an advantage inherent in the nature of the corporate form, which is in no way enhanced or diminished by the dividend credit concessions embodied in the present law.

There is an additional advantage for corporations which is granted by the very tax laws so consistently and vehemently denounced by the political champions of dividend recipients. This is the invaluable privilege of retaining in the corporation itself, at greatly reduced rates of tax, sufficient capital for its growth and expansion. This is an advantage which is not shared on an equal basis by partnerships or individual enterprises, as the entire earnings of such concerns must be included in the income of their owners and taxed at personal income rates, which frequently are much higher than the corporate rates. The election granted in the 1954 code to certain partnerships to be taxed as corporations is so bound by restrictions and qualifications that it cannot seriously be said that partnerships are placed thereby in a position comparable to their corporate competitors. That this particular advantage is of inestimable importance to corporations is amply evident from the fact that at least 70 percent of corporate expansion is financed by retained earnings. The 1954 Tax Code greatly enhanced this valuable attribute possessed by corporations through its extremely liberal and highly questionable provisions for accelerated depreciation and amortization.

In this brief summary of the advantages of incorporation, I have mentioned only the more obvious ones. Of course, any person familiar with the intricate nature of present-day industrial and commercial activity realizes that there are many more to which I have not made reference.

Many of the more subtle benefits derived from incorporation are vastly important to the organizations which enjoy them. Among these is the increased bargaining strength available to larger scale organizations in buying and selling, as shown by quantity discount practices. Also, the possibility of intercorporate consolidations make possible the concentration and centralized direction of many varied enterprises, to the resultant benefit of their owners.

The dividend tax credit cannot be defended, as some seek to do, as a tax benefit to small business. Earnings of small corporations are typically distributed through salaries, bonuses, and other benefits. And, then, there are the inviting privileges of plowing back the earnings and later sale of appreciated values with capital-gains treatment of profits.

Let me remind the Senate that this is at the approximate rate paid by an individual with a personal income of $7,000 a year, even though the income to be treated by the capital gains tax may be $700,000 a year, or without limit.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. GORE. I am glad to yield.

Mr. MONRONEY. Observing that point, is it not also true that one of the favorite methods of rewarding management, or the presidents or superintendents of giant corporations, is to give them stock options, from which they can thus realize the payment for their services on a capital gains basis, under the 25 percent tax, which the distinguished Senator mentions, rather than to pay the exceedingly high personal income tax on a salary of $100,000 or $200,000, which would leave a relatively small percentage of that amount for take-home pay?

Mr. GORE. It is all too widespread. It is one more tax loophole which Congress should seek to close.

I wish to inject this thought. The 1954 tax law was taken to the American people. Sitting near me is a distinguished Senator who made the tax law an issue in his campaign. I spoke in the course of that campaign in some 14 States. In all those 14 States, the favoritism and unfairness of the 1954 tax law were a principal issue.

The American people expect this Congress to seek to close some of the loopholes, not only those to which reference has been made, but also others which are deeply imbedded in the law.

It is in that direction that we are now trying to move, and I appreciate the contribution of the able junior Senator from Oklahoma.

Even if the tax on dividends did in fact constitute double taxation, which I deny, ample justification could be found in the many valuable advantages and concessions granted to corporations and, through them, to the stockholders.

But I repeat, and I insist, that the phrase "double taxation" when applied to taxation of the corporation on the one hand, as one person, and the taxation of the dividend when realized by the stockholder on the other hand, as another, is a canard.

The advantages of incorporation which I have mentioned are more than just advantages enjoyed by corporations; they are distinguishing features between corporations and other forms of business enterprises. They serve to emphasize the distinct and separate nature of the corporate person as compared to its individual stockholders; and to differentiate it from other forms of American business. A tax on each of these two separate persons does not constitute double taxation.

Assuming, however, for the sake of argument, that the tax upon dividends does result in double taxation, can it be contended that this instance of double taxation presents a unique phenomenon in our American tax structure?

Our daily life is replete with numerous examples of multiple taxation. Take the example of the automobile. My small business in my home town bought a new automobile a short time ago. A State sales tax was paid on it, and that sales tax of 2 percent was calculated not only upon the cost of the automobile, but it included 2 percent of the Federal excise tax, which had been added to the cost of the automobile. It included 2 percent of the tax on the tires. It included 2 percent of all of approximately 100 taxes which had gone into the cost of that automobile. It was estimated that before that automobile reached my home town, $400 in taxes had been added to its cost. Then the purchaser paid not only 2 percent of the cost of the automobile, but also 2 percent of the $400 taxes. Thus, as my colleagues can see, there is not only double taxation in that instance, but multiple taxation.

I believe Mr. Eisenhower, during his campaign for the Presidency, illustrated this form of taxation by holding up an egg and saying that by the time it reached the breakfast table it had had 40 taxes added to it. Taxes on manufacturers, processors, shippers, wholesalers, and retailers are all passed on to the consumer.

I recall that when an effort is made to raise the tax rate on corporations, it is argued that the corporation would not pay the tax, but would merely pass it on to the consumers. I think that is a correct statement; but it is correct in the instant case, too.

There is no way in which the consumer can escape double and quadruple and quintuple and multiple taxation. He must pay the taxes imposed on those from whom he buys, and he must pay these taxes on every single item he buys, from the most extravagant luxuries to the very necessities of life. The investor can avoid the so-called double taxation of his investment dollar, by making noncorporate investments, but there is no way the consumer can escape the multiple taxation of his dollar.

One other point in this controversy commends itself to us for further emphasis. What is the method employed to grant relief from this so-called double taxation? The recipients of dividend income are first privileged to exclude a flat sum from their gross income. Then, in addition, they are allowed to deduct a certain percentage of their remaining dividend income from their tax. This is an extremely valuable advantage in that there is no ceiling in terms of dollars on this latter deduction. Although it may amount to many thousands of dollars, the specified percentage may be deducted directly from the tax of that individual, up to 4 percent of the taxpayer's taxable income.

Mr. DOUGLAS. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I am delighted to yield to my able and brilliant friend, the senior Senator from Illinois.

Mr. DOUGLAS. I think the Senator from Tennessee is making a most extraordinary point, which needs to be emphasized over and over again, namely, that the 4-percent dividend credit is deducted from the taxes which the individual pays, and not from the taxable income upon which the tax is levied.

Mr. GORE. That is correct; and that is a very valuable form of favoritism, which is not extended to any other category of taxpayer.

Mr. DOUGLAS. That is, the credit is applied directly to the tax.

Mr. GORE. That is correct.

Mr. DOUGLAS. It is not income exempt from tax, but it is a direct deduction from the tax, and therefore amounts to a much larger tax reduction.

Mr. GORE. To put it in another way, it is not a deductible expense which is subtracted from gross income before arriving at the taxable income. For the first time in American history this particular favored group is allowed to subtract the credit, not from its income, but from taxes.

Mr. DOUGLAS. That is correct.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield for a unanimous-consent request, in order that I may submit a modification of the substitute now pending?

Mr. GORE. I am glad to yield.

Mr. JOHNSON of Texas. Mr. President, I send to the desk a modification of the amendment now pending, and ask that it may be printed, so that it may be available tomorrow.

The PRESIDING OFFICER. Does the Senator ask that the modification be read?

Mr. JOHNSON of Texas. No; I merely ask that it be printed.

The PRESIDING OFFICER. The modification of the amendment proposed by Mr. JOHNSON of Texas on behalf of himself and other Senators is as follows:

On page 13, line 13, after "husband and wife" insert "(other than a husband and wife to whom paragraph (2) applies)".

On page 13, after line 22, insert the following:

"(2) INCOME OF HUSBAND AND WIFE UNDER COMMUNITY PROPERTY LAWS.—If a husband and wife both file separate returns and if any of the income of the husband and the wife is community income under the laws of the State of residence of the husband or the wife, the credit under subsection (a) (as modified under subsection (b)) or under subsection (d) shall be computed as if the husband and wife filed a joint return, and one-half of the credit (if any) so computed shall be allowed to the husband and one-half shall be allowed to the wife."

On page 13, line 23, strike out "(2)" and insert "(3)".

The PRESIDING OFFICER. The Senator from Tennessee may proceed.

Mr. GORE. Mr. President, the advocates of the fallacious policy I have been discussing have openly stated that their real desire is the complete elimination of the individual income tax on dividends, with the immediate objective of providing stockholders with a dividend tax credit of 20 percent of the amount of dividends received.

Mr. DOUGLAS. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield.

Mr. DOUGLAS. Am I correct in my memory when I say that when last year the Humphrey tax bill was first introduced in the House, or was first submitted to the House committee, it provided for a 20-percent dividend tax credit?

Mr. GORE. I believe it was 15 percent.

Mr. DOUGLAS. Am I correct that the proposal aroused such a storm of indignation that when the bill went to the House floor, the Republicans reduced that percentage to 10 percent?

Mr. GORE. Yes, because certain Members of Congress, including the able senior Senator from Illinois, pointed out that such a tax credit would be almost equivalent to the complete elimination of all corporate taxes.

Mr. DOUGLAS. Is it not also true that although that bill came to the floor of the Senate, with a 10-percent dividend credit, when the eminent, able, and witty senior Senator from from Colorado [Mr. MILLIKIN] saw what was likely to happen to it on the floor of the Senate, he withdrew the 10-percent provision, and then instituted a 4-percent dividend credit?

Mr. GORE. In conference.

Mr. DOUGLAS. I believe the Senate initially voted to eliminate the dividend credit on the floor, did it not?

Mr. GORE. I believe that is correct.

Mr. DOUGLAS. And the 4-percent credit was restored in conference.

Mr. GORE. Yes.

Mr. DOUGLAS. But the purpose was rather clearly indicated in the original bill, was it not?

Mr. GORE. Indeed so.

Mr. DOUGLAS. While they were willing to retreat on the percentages, they would be content if they could establish the priciple. Is that not correct?

Mr. GORE. In this instance the principle was more important than the amount. For the first time in American history we have by law given a tax preference to a particular type of income, as compared with the income from the sweat of one's brow.

Mr. DOUGLAS. If they can anesthetize or intimidate the conscience of America, and thus can establish this 4-percent provision, then in future sessions of the Congress, if they are in power, are not they likely to expand it to 5 percent, 10 percent, 15 percent, or 20 percent?

Mr. GORE. That is the stated objective. In addition to what has been stated by the able senior Senator from Illinois, they may be able to accomplish it through misleading, misguiding, and beguiling the American people with the canard of "double taxation."

Mr. President, having before us the effect on the Federal revenues of the credits contained in the 1954 tax law, there is required little imagination to foresee the condition of the Federal Treasury if this fondest hope of the dividend bloc is realized.

The concession which they have actually been granted by the 1954 Code is not large, compared with their original request, but it is a beachhead from which the fight for bigger and better tax concessions will be waged.

We have heard repeatedly the argument that section 34 has been drawn for the benefit of the "little man"—the small investor.

Mr. DOUGLAS. Mr. President, will the Senator from Tennessee yield further to me?

The PRESIDING OFFICER (Mr. THURMOND in the chair). Does the Senator from Tennessee yield to the Senator from Illinois?

Mr. GORE. I yield.

Mr. DOUGLAS. Is it not true that Mr. George M. Humphrey, the Secretary of the Treasury, when appearing before the Joint Committee on the Economic Report, in 1954, stated that, after all, the stock of American corporations was owned primarily by those of low incomes or middle incomes, and that therefore the benefit of a policy which helped corporations would help the small-income families?

Mr. GORE. I did not know he had said that. I would be surprised if he did, because the record shows that less than 1 percent of American families own 80 percent of the publicly listed stocks.

Mr. DOUGLAS. I heard the testimony of the Secretary of the Treasury; and I should like to submit for the RECORD an excerpt from his remarks.

Mr. GORE. Mr. President, I ask unanimous consent that the senior Senator from Illinois may have the privilege of inserting at this point in the RECORD the quotation to which he has referred.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DOUGLAS. From the hearings I quote the following:

Senator DOUGLAS. Well, 15. (Continuing.) That will be close to $700 million more and, of course, the overwhelming proportion of dividends are received by those in the upper income group?

Secretary HUMPHREY. I do not believe I will agree to that. Dividends more and more are being received by the people who own pensions, who have insurance, of all sorts. It is the great mass of the American people that are getting the great ownership in American industry today, and it is coming through pension funds and through insurance funds and things of that kind that are drawing tremendously and are going into equity securities.

Senator DOUGLAS. Is it the poor people who receive the dividends?

Secretary HUMPHREY. Oh, yes; indeed. They get through their——

Senator DOUGLAS. Do the poor people receive the major portion of the dividends?

Secretary HUMPHREY. They get dividends through their pension funds and through their insurance. (Hearings, Joint Committee on the Economic Report, p. 80.)

Mr. President, will the Senator from Tennessee yield further to me?

Mr. GORE. I yield.

Mr. DOUGLAS. Is the Senator from Tennessee acquainted with the various studies of consumer finances which have been conducted by the Federal Reserve Board, and which have appeared in the Federal Reserve Bulletin in 1949, 1950, and 1952?

Mr. GORE. I have seen them, but I am not familiar with them in detail. Would the Senator from Illinois mind refreshing my memory about them?

Mr. DOUGLAS. The survey for 1952 showed that only 7 percent of all spending units—that is to say, families and bachelors living outside the family home—owned any stock at all; and that was substantially the same condition which existed in 1950 and 1949.

The survey showed, further, that only 8 percent of the 47 million families own any stock. This is roughly the same result that the Brookings Institution—a most conservative group—found for approximately the same period of time. Its figure was 9.5 percent.

So the fact is established, namely, that, at the most, not more than 1 family in 10, and probably not more than 1 family in 12, owns any stock.

Mr. GORE. And the bulk of the stocks are owned by less than 1 percent of American families.

Mr. DOUGLAS. That is an extremely important point.

The group which made this study for the Federal Reserve Board—namely, Messrs. Katona, Lansing, and De Janosi, of the University of Michigan, published an article in the Michigan Business Review for January 1953; and in the article it is pointed out that 8 percent of the families which did own stock owned over four-fifths of the value of all publicly held stock. So 8 percent of the 8 percent which did own stock would be 0.64 percent or two-thirds of 1 percent.

So the statement of the Senator from Tennessee seems to be in complete conformance with these studies of the Federal Reserve Board.

In terms of incomes, they summarize the study as follows:

Families with incomes under $5,000 own substantially less than 10 percent of the stock.

Families with incomes of between $5,000 and $10,000 own approximately 20 percent of the stock.

Families with incomes of over $10,000 own over 80 percent of the value of all publicly held stock.

Even if we make allowances for errors caused by sampling—because, after all, they had to limit the amount of sampling—they conclude that—

It is highly probable that among the 5 percent of American families with incomes of over $10,000 are the owners of at least three-fourths of all publicly held stock.

That is the most conservative of all, and it provides for the widest possible range of error in sampling.

Mr. GORE. Which illustrates a statement I made in the beginning of my remarks, namely, that the choice of the Senate in voting on the Johnson amendment is not between balancing the budget or tax relief; but, rather, the choice of the Senate is between giving tax favors to the economically privileged few or giving a small tax reduction to the economically depressed many.

Mr. DOUGLAS. In other words, the issue is whether the concessions shall go to the upper 1 percent or, at the most, to the upper 5 percent; or whether the concessions shall go to the American people as a whole. Is not that correct?

Mr. GORE. I think that is very aptly put.

During recent years the large corporations have made a determined drive to place at least 1 share of stock in the hands of each of their employees.

Mr. DOUGLAS. Despite that, not more than 8 percent of the families own stock.

Mr. GORE. The purpose of the drive is, I think, but thinly veiled. They would like, however, to have a very thick veil, which would conceal the statistics to which the Senator has referred, and thereby make more feasible the tax favoritism embodied in the 1954 act, and the tax favoritism which they yet desire to attain.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. GORE. I yield.

Mr. LONG. Has the Senator observed the way some of the sponsors of the stock ownership idea have twisted it around so as to make it appear that actually they were helping the little man—for example, by suggesting that the majority of corporation stockholders were making less than $5,000?

Mr. GORE. Yes.

Mr. LONG. Without pointing out the fact that the majority of such corporation stockholders held only one share of stock.

Mr. GORE. Yes. That is the use of the veil.

Mr. LONG. The Secretary of the Treasury questioned the very figures which the Senator from Tennessee was discussing with the Senator from Illinois. I requested that he bring in his figures to show us what the concentration of stock ownership was. Secretary of the Treasury George Humphrey brought in figures indicating that 1 percent of the people owned 70 percent of all corporation stock, which is not very much at variance with the figures the Senator was discussing a moment ago.

Mr. GORE. I should say that was very good, coming from Secretary Humphrey.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. HUMPHREY. The Senator has pointed out very plainly that approximately 1 percent of American families own about 80 percent of the publicly held stock.

Mr. GORE. I believe it is considerably less than 1 percent.

Mr. HUMPHREY. I am using a generous figure. Is it not equally important that of the 1 percent of American families—or less than 1 percent—which own 80 percent of stock, a very small percentage of American families actually control the voting stock in the corporations, which voting stock has control of the business policies of the corporations? I think this goes to the heart of the whole matter of fiscal management of the funds about which the Senator was speaking a moment ago. Under such management some 40 percent of the profits were plowed back into the business, 40 percent which would have gone out as taxable income, in the form of dividends, but which went back into the business, to be managed by less than 5 percent of the 1 percent of families which owned controlling interest and the voting stock.

Mr. GORE. Would not the Senator like to know the amount of their political contributions?

Mr. HUMPHREY. It would be very interesting.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. DOUGLAS. The Senator from Tennessee was speaking about political campaigns last year. I happened to go through one of them. I am very proud that I made the corporation tax one of the major issues in my campaign. I happened to win by a very large majority. I think this issue was one of the most dominant issues in the campaign.

I was interested in a letter which the Republican Finance Committee of Illinois issued over the signature of some eminent industrialists and Republicans, to business groups in the State, pointing out to them that they had received large tax favors in the tax bill, and asking them to contribute a portion of the tax reductions in the form of contributions to the Republican Party, also saying that the result would be still greater tax reductions in the future.

Mr. GORE. Does not the Senator suppose that that was the game which was played last year, to which reference was made earlier in the day?

Mr. DOUGLAS. Of course, if Democrats had done that they would have been denounced. However, Republican businessmen did it. I shall search my scrapbook during the next hour to see if the material to which I referred cannot be inserted in the RECORD at this point.

Mr. GORE. Mr. President, I ask unanimous consent that the senior Senator from Illinois may have the privilege of inserting in the RECORD at this point the letter to which he has made reference.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOUGLAS. Mr. President, I present the letter for the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

REPUBLICAN CITIZENS' FINANCE COMMITTEE OF ILLINOIS,
Chicago, September 23, 1954.

DEAR FELLOW AMERICAN: The significance of the election in Maine has been played down by much of the press and by Republican political candidates. The election of a Democratic governor and important percentage drops in the majorities of the four winning Members of Congress in that State must be viewed more realistically. They are an indication that the success in 1952 has produced an apathy that could turn the Congress back to the Democrats.

We should be proud of the progress of economy in Government under this Republican administration. The tax reform bill has been most favorable to business. 1954 has been a good business year overall. 1953 was an all-time high in our country's economic history. To return to the Democratic inflationary tax-and-spend principle would be a calamity.

At this writing the Republican Citizens' Finance Committee is far short of its goal of $750,000. To meet Illinois' 1954 quota for the National budget and to back up our Republican candidates in the State of Illinois with the adequate finance needed for an aggressive campaign requires the generosity of each Republican who believes his government is managed better by Republicans.

This is an appeal to you to give and give generously. Why not base your contribution on a percentage of this year's savings in personal income tax. Twenty-five to fifty percent of your tax savings should be dedicated to elect men who are pledged to further economy in government and further tax cuts.

Vital commitments cannot be maintained in this campaign if the money is delayed. It will be greatly appreciated by those responsible for raising these funds if your response would be prompt.

Sincerely yours,

EDWARD L. RYERSON,
President.

FRED M. GILLIES,
General Campaign Chairman.

Mr. LONG. Mr. President, will the Senator further yield?

Mr. GORE. I yield.

Mr. LONG. To show how the corporation-stock provision favors the little man or the widow who has 1 or 2 shares of stock, I should like to illustrate to the Senator how much it could mean to her

Mr. GORE. Are they not nearly all widows?

Mr. HUMPHREY. Let us take 2 minutes out for weeping, now.

Mr. LONG. Assuming that a widow is left $100 in corporation stock, and she receives $6 in dividends on that stock for 1 year, she would be entitled to a 4-percent credit, which means she would be entitled to a credit of 24 cents against her tax bill. Assuming that she paid taxes at perhaps 20 percent, that would mean that that widow would be saved 6 cents.

Mr. GORE. That is marvelous.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. HUMPHREY. Let us not be unmindful of these great benefits. I am sure the Senator wants to pay appropriate tribute to the Republican tax policy for these gifts, even though they may not be large. As the Senator can plainly see, the spirit is there—the 6-cent spirit is there.

I wish the Senator from Louisiana would use his computing ability to determine how this would affect one, let us say, in the upper-income brackets, a member of one of the families which own most of the publicly held stock. I think such a showing would be impressive.

Mr. GORE. I am sure the junior Senator from Louisiana has a fine mathematical mind. However, it does not require an astute mathematician to envision as much as a $100,000 benefit to many taxpayers on this basis. Let us take a dividend of $100,000, which is rather small for the 1 percent of American families about whom we have been speaking. Such a person would receive a tax reduction of $4,000. How much larger would it have been had we not fought this provision in the Congress last year, and how much more favorable would it become if we had not won the election last year?

Now let us take a look at the contention that dividend relief was necessary to encourage investment capital. Proponents of this argument urged the trickle-down theory. They said they sought wider use of investment capital so more businesses and industries would be built. Such expansion of business and industry, they claimed, would create more and more jobs and thereby improve the lot of the low-income family. But what has happened. Full time unemployment now stands at about 3.5 million workers. With part time unemployment averaged in, actual unemployment is estimated to be about 4 million.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. DOUGLAS. Earlier in the day I submitted the report of the Joint Congressional Committee on the Economic Report of the President. On page 96 the staff submitted a report on what the total amount of unemployment was, taking into account not only (a) unemployed as such, but (b) layoffs, which are virtually unemployment, and (c) involuntary part time, reduced to total numbers of unemployed. The final result at which they arrive is that in February the equivalent number of totally unemployed was 4,307,000.

Mr. GORE. I ask the Senator, Is this unemployment attributable to a lack of industrial capacity?

Mr. DOUGLAS. Certainly not.

Mr. GORE. Do we need to create more industries to put unemployed people to work, or are some production facilities lying idle now?

Mr. DOUGLAS. Of course.

Mr. LONG. Mr. President, will the Senator further yield?

Mr. GORE. I yield.

Mr. LONG. As a matter of fact, is not the test of the pudding in the eating thereof? As of last year the situation did not improve. More people are out of jobs. More people have lost their jobs on farms and factories than have

found jobs. The result was increasing unemployment, rather than reducing unemployment.

Mr. GORE. At the same time we have had a booming stock market, a stock market propelled in part by tax favoritism in connection with dividend income.

At the same time, according to the opinion and statement of the senior Senator from Oklahoma [Mr. KERR], another feature of the 1954 Revenue Act permitted so much depreciation as to directly contribute to unemployment.

Mr. LONG. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. LONG. To summarize it, the effect of last year's act seems to have been that industry has produced less, hired fewer people, and made more money and paid less in taxes. Is that correct?

Mr. GORE. That summarizes a major portion of my speech. In addition, I have made an attempt to disrobe and unmask the canard of double taxation.

We have the capacity to produce 9 million cars, but this year automobile manufacturers do not expect to be able to sell more than 6.6 million. So production will be only about three-fourths of capacity.

We can make 125 million tons of steel, but the market for steel this year is expected to be able to absorb only about 107 million tons.

We can make 12.4 million TV sets per year, but manufacturers figure they can sell only about 9.2 million.

Because of market conditions we will make only a little more than half the electric ranges, refrigerators, and vacuum cleaners we are capable of producing.

There is no shortage of productive capacity in most industry in this country, and a look at the booming stock market ought to convince almost any reasonable man that there is no shortage of investment capital to expand any sound industry that can find a market for expanded production.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. GOLDWATER. Has the Senator from Tennessee noticed any booming in the stock market since the investigation of it started?

Mr. GORE. I believe the stock market is still in a booming condition.

Mr. GOLDWATER. It boomed $7 billion off since the investigation into the market started. I wonder whether the Senator knows that.

Mr. GORE. That may be a very healthy development. I remember another boom some time ago. If the stock market has no sounder foundation than that which can be undermined by a mere revelation of a few facts of its operation, then it is in a weak condition indeed.

Mr. GOLDWATER. Mr. President, will the Senator yield for another question?

Mr. GORE. I yield.

Mr. GOLDWATER. Does the Senator subscribe to the idea that a loss of $7 billion of potential income to the people of this country, regardless of where it may go, is of no consequence and that we should not be concerned with it?

Mr. GORE. I would not at all subscribe to any thought that the loss of $7 billion in capital is a matter of no consequence. I am not at all sure, however, that an additional $7 billion of synthetic value added on top of an unsound market would not be even more of a detriment.

Mr. GOLDWATER. I am sorry that the Senator thinks it is an unsound market.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. DOUGLAS. Inasmuch as the Senator from Arizona has raised this issue, I should like to call attention to the fact that some of the best financial analysts, who are extremely conservative, such as Mr. J. A. Livingston, have said it has been a very healthy thing to get these matters appraised, so that the public can make up its mind; that the same sentiments are being expressed by Miss Sylvia Porter, who is probably one of the best financial writers in the country; and that this morning the New York Times published an article written by Mr. Edward H. Collins, one of the most conservative writers in the United States, in which he pointed out that in March, 1928, when the Senate held a similar inquiry, Senators were certain that everything was all right, and went no further with the investigation—since those were Republican days—and that as a result the boom continued through 1928 and into 1929, only to collapse later in that year.

The inference which Mr. Collins drew was that it was a good thing that these matters were being appraised before the situation got out of hand.

General Wood, who was one of the witneses who testified before our committee—and certainly he does not love the Democrats in any sense—and who probably stands politically at the extreme right of the American spectrum, approved the investigation. And Mr. McCloy, of the Chase National Bank, also approves it.

Mr. GORE. I thank the Senator for his contribution.

I would further remind the able Senator from Arizona that there is certainly involved the danger of inflation of the stock market, as well as deflation of the market, whether justified or unjustified.

Mr. LONG. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. LONG. Is the Senator from Tennessee aware of the fact that the stock market on the whole has gone up during the past 2 years approximately by $50 billion in the value of the stocks listed on the exchanges?

Mr. GORE. I am indeed familiar with it. I have pointed out that the gains thereof are taxed as capital gains, or at the 25 percent tax rate.

Mr. LONG. Therefore, those who had the good fortune to share measurably in the $50 billion increase in stock values are certainly faring better than farmers, for example, who have had their assets reduced by 10 percent; are they not?

Mr. GORE. I believe those who operate in the stock markets could take some further losses and still fare much better.

Mr. LONG. They are certainly faring much better than laboring people, many of whom have lost their jobs; is that not correct?

Mr. GORE. I believe so.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. LEHMAN. I do not have the slightest idea whether the stock market is too high or too low. I say that despite the fact that I am a member of the Committee on Banking and Currency. However, I believe it is a very misleading statement for our good friend from Arizona to make, that there has been a capital loss of $7 billion. We do not know whether there has been any loss at all. Ever since markets have been established, they have fluctuated. They have gone up and they have gone down. They went up for 2 years. Now they have gone down during the last week.

There has been a diminution in value of securities on paper of possibly $5 billion or $6 billion or $7 billion. There is no certainty that the market will not come back. We may well find it at an even higher level, if the securities are worth the price which the people are willing to pay for them. There is no evidence that there has been a loss in capital of $5 billion or $6 billion or any other amount at the present time.

Mr. GORE. I would not wish to attribute the fall in the market to the hearings before the Committee on Banking and Currency. I believe a service will have been performed if the committee ascertains the facts. If the market is soundly based, it will have been a service to let the American people know it. If synthetic and inflated values are being further inflated, then it will be a service to the American people to have them know that.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. DOUGLAS. Have we heard any loud objections from our friends on the other side about the decline in other so-called stock markets, namely, with reference to the price of livestock in the past 3 years and the price of hogs in the past few months?

Mr. GORE. I do not believe I heard it. There may have been something said.

Mr. DOUGLAS. Is it not true that in the case of hogs, about a year ago hogs were selling for 25 cents a pound, and that today they are selling between 15 and 16 cents a pound for the tops and below 13 cents a pound for the inferior grades?

Mr. GORE. Unfortunately that is true. I know it because I have some to sell. It is unfortunate.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. LEHMAN. I wonder whether the Senator from Tennessee, who has not had an opportunity to follow the hearings as closely as the Senator from Oklahoma and the Senator from Illinois and other Senators, realizes that possibly

without exception every one of the witnesses who has appeared before our committee has expressed the opinion that the hearings before the Committee on Banking and Currency serve a very useful purpose.

In that group I include the president of the New York Stock Exchange, the president of the Midwestern Stock Exchange, at Chicago, the president of the San Francisco Stock Exchange, and also Mr. Marriner Eccles, of the Federal Reserve Board. This morning there appeared before the committee a witness for the New York Stock Exchange. Every one of those men said it would be serving a very useful purpose to bring the entire situation out into the open. They refused to commit themselves on whether stocks are too low or too high; and I think they are very wise in that position. Every one of them thinks the investigation is serving a useful purpose in developing the facts, and they sounded a very necessary note of caution.

Mr. GORE. I appreciate the statement of the Senator from New York.

Mr. DOUGLAS. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield.

Mr. DOUGLAS. Is it not true that, in general, the Senators on the other side of the aisle seek to discredit anyone who implies that there may be rocks and shoals ahead?

Mr. GORE. I think they are a little bit unappreciative of our efforts in that direction. I would not wish to say that the stock market is sound or unsound, that the values are falsely based or soundly based, but I believe the committee will be of service to the American people if it proceeds with its fact finding and truth finding, making the results available to the American people.

Mr. GOLDWATER. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield.

Mr. GOLDWATER. I should like to suggest to the able Senator from Tennessee that we have no objection to a committee endeavoring to chart the rocks and shoals. We do have objection to individuals attempting to build rocks and shoals.

Mr. GORE. Does the Senator mean to imply that he thinks the Senate Committee on Banking and Currency is deliberately trying to undermine the market or deliberately trying to break this country up on the rocks and shoals?

Mr. GOLDWATER. I am sure the Senator would not misinterpret my remarks in any such fashion. I was merely referring to people who lost several million dollars during the past week and who might like to know some possible cause for it. I have not explored it myself.

Mr. GORE. Does the Senator imply that the loss of values in the market has been the direct result of the hearings by the Senate Committee on Banking and Currency?

Mr. GOLDWATER. Let us say this, that when a dark cloud passes over, sometimes some rain falls.

Mr. GORE. That is a witticism worthy of the able Senator. I am not sure of his meaning, but some time when I have the privilege of visiting the Senator's State——

Mr. GOLDWATER. If the Senator can bring a dark cloud there, so that there will be rain, we shall be very much obliged to him.

Mr. GORE. Mr. President, investors are competing wildly with each other for shares of industry. But with all this risk capital readily available, is industry moving to expand production and make more jobs? We have but to look at the Economic Report of the President for the answer. It indicates that expenditures for new plants and equipment during the first quarter of 1955 will be $1.45 billion less than for the same period last year.

The key to expanding our production at this time is not investment capital, but rather a stimulation of consumption. I submit that tax relief for business and a relatively few stockholders will not stimulate consumption nearly so well as will relief for low-income families. For these families for the most part will not put income from tax relief into savings, but will immediately plough it into the market by using it to pay for consumer goods.

Thus consumption will be stimulated, and if our economy can cousume more, then industry can put to work some of the production capacity which is now standing idle. A step up of production will mean more jobs, and more jobs will mean more payrolls, and more payrolls will mean greater buying power in the hands of the masses of the people, and so the circle goes. Tax relief to low-income families will give a magnified stimulation to the economy, because the income from that relief will turn over and over several times in the economy.

So, Mr. President, if we must choose between tax reduction that will stimulate consumer purchasing power or tax favors that may or may not stimulate an expansion of productive capacity, as we must in voting on the Johnson amendment, then we had better transfer that stimulation to the marketplace. Business bases its investment plans primarily upon current and prospective markets. I do not think there has ever been a time when there was a lucrative market for a product that a way was not found for business to expand to meet the market demand.

The Johnson amendment would also substitute tax reduction for other unjustified tax favors and loopholes for big business and big income. I favor repeal of this tax favoritism and will offer amendments for this purpose in the event the Johnson amendment is not adopted. But first I wholeheartedly support the Johnson amendment and hope it will be adopted.

I wish to close by saying that I appreciate the attention of my colleagues, and particularly that of the chairman of the Senate Finance Committee. Along with him, I announced my opposition to the tax reduction which passed the House. But when an opportunity is afforded to give tax relief to the hard-pressed many in substitution of what I believe to be unwise and unsound tax favoritism to the economically favored few, then I choose tax reduction for the many.

Mr. LONG. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield.

Mr. LONG. I should like to correct the RECORD to the extent that I misinformed the Senator concerning the situation of a widow who received $100 in dividends on stock. Actually, such a person would find it to advantage to take the dividend exclusion provision whereby the first $50 of dividends is excluded from taxation. In any event, the widow would have a benefit of $1.20.

Mr. GORE. I point out to the Senator from Louisiana that the dividend credit stated in that amount and the percentage run concurrently.

Mr. LONG. Yes. It would be my best calculation that a widow would have to have at least $2,000 in stock, on the average, to be as well off as she would be with the $20 tax credit proposed. Furthermore, I think the Senator might be inclined to agree with me that between the two policies, it might be wise to encourage the people to invest in bonds rather than to buy stock on the stock exchange.

Mr. GORE. I am sure the Senator, as I did, went out on bond selling campaigns and encouraged people to invest in Government bonds. Inflation has wiped out a part of their investment, and now we discriminate against them by giving certain tax advantages to others.

Mr. President, I send to the desk an amendment and ask that it be printed and lie on the desk.

The PRESIDING OFFICER. The amendment offered by the Senator from Tennessee will be received, printed, and lie on the desk.

Mr. BYRD. Mr. President, the tax bill proposed by the minority as a substitute for the bill reported by the Senate Finance Committee is not like the simple, single-shot $20 amendment adopted by the House. It is a five-barreled blast loaded with complex legislation which has not been considered by any congressional committee.

The sponsors of the proposed substitute claim that their plan will not only offset the $908 million loss of revenue it will create, but, in addition, that it will eliminate the deficit in fiscal year 1956 and produce a surplus in the Treasury.

I wish first to address myself to the claim that the proposed substitute will balance the budget. How do the sponsors of the substitute figure this would be done?

They start off by taking credit for $1 billion in the correction of an "error" in the 1954 tax bill. This is an utterly fallacious claim, because to date the loss has not occurred. Proposed legislation is already on its way through the House to correct the provision on a retroactive basis. Correction by the sponsors of the substitute or otherwise would not add to revenue in terms of budget estimates.

I think the Senate may feel well assured that the Senate Finance Committee, in orderly procedure, will act promptly on the proposed legislation which is now under consideration in the Committee on Ways and Means of the House of Representatives.

However, the correction may be made, the facts of the situation reduce the revenue gain figures in the proposed substitute by $1 billion.

The committee bill extends certain excise taxes and the 5 percent additional corporation taxes for 1 year until April 1, 1956.

The substitute bill would extend these taxes from April 1, 1956, to July 1, 1957, and the sponsors claim this would result in a revenue gain of $3,530,000,000.

It should be remembered that these were temporary war taxes, superimposed on already high rates to meet Korean war expenses. The excises are on such items as gasoline, passenger cars, trucks, buses, trailer, automobile parts and accessories, motorcycles, tobacco, beer, wine, and distilled spirits. The additional corporation taxes apply to little corporations as well as to big corporations.

Since the end of the Korean war Congress has been extending them on a year-to-year basis, after a thorough review of the fiscal situation and the conditions existing. If it is found that these taxes should and can be renewed a year from now, there can be no doubt that that will be done then, as it has been in the past.

By the nature of these taxes, and on the basis of the record of their continuation, it is fallacious for the sponsors of the substitute to claim revenue gain in a proposal to extend the taxes into an additional fiscal year. They might just as well propose to extend them 10 years and claim a $30 billion gain. If this were correct, a start would be made toward paying off the national debt.

These war taxes were imposed under legislation enacted in 1950, and the Senator from Georgia [Mr. GEORGE], chairman of the Finance Committee at that time, wrote the expiration dates in the act.

I want to take this occasion to say that it has been my high privilege to serve on the Senate Finance Committee with the distinguished Senator from Georgia for 22 years. During this momentous period we have experienced a depression and two wars, and Congress has been compelled to assess taxes and collect revenue totaling $629 billion. I dare say that never in all history has it been necessary, in a period of this duration, to collect such taxes from the people of any one Nation.

Day by day, and year by year, with profound admiration, I have watched the Senator from Georgia use his great capacity to distribute this burden in a manner to finance these terrible emergencies and, at the same time, to preserve our free enterprise system. I do not have to tell the Senate how easy it is to destroy business enterprise with exorbitant taxes levied disproportionately.

I predict that long after we are gone, generations to come will pay tribute to the wisdom, the courage, and the capacity of Senator GEORGE, and that history will record him as one of the greatest American Senators.

As I have said, it was the Senator from Georgia who, by writing expiration dates into the war-tax legislation, properly provided for their annual review, giving Congress an opportunity to judge their effect in terms of changing conditions.

This safeguard, inserted by the Senator from Georgia, would be nullified by the substitute amendment. The sponsors of the substitute would extend these taxes for 2¼ years without review, and by some strange reasoning they take credit for a revenue gain in such a process.

This revenue until April 1, 1956, is already provided for in the committee bill, and it is subject to extension at that time.

Now let us examine the revenue gain claimed for the substitute bill proposal to repeal the so-called rapid depreciation provisions of the 1954 tax code.

In the first place use of this provision is optional; a taxpayer can continue to use the so-called straight-line basis, which the substitute bill would not disturb, or he could elect the new rapid basis. In connection with the new rapid depreciation provisions, the fact that they apply only to new property, acquired after December 31, 1953, should not be overlooked. They cannot be applied to assets having a life of less than 3 years.

Let me set the record straight also on the fact that if a taxpayer acquires a new asset, takes the rapid write-off provided under the 1954 code, and then sells the asset, the buyer cannot take the accelerated depreciation.

Just as in the case of the straight-line method, the taxpayer can write off his base cost, but no more.

The rapid depreciation proposal was discussed at great length in the Ways and Means Committee of the House, on the floor of the House, in the Senate Finance Committee, and on the floor of the Senate. In the Senate, the distinguished Senator from Oregon [Mr. MORSE] offered an amendment to strike out the accelerated provision from the 1954 revenue act. The list of Senators who voted against the Morse amendment, as recorded in the CONGRESSIONAL RECORD, volume 100, part 7, page 9481, is as follows:

Senators Aiken, Anderson, Barrett, Bowring, Beall, Bennett, Bricker, Bridges, Burke, Bush, Butler of Maryland, Byrd, Capehart, Carlson, Case, Clements, Cooper, Cordon, Crippa, Daniel, Douglas, Dworshak, Ervin, Ferguson, Frear, George, Goldwater, Green, Hendrickson, Hickenlooper, Holland, Ives, Johnson of Colorado, Johnson of Texas, Kennedy, Knowland, Kuchel, Lennon, Long, Malone, Martin, Millikin, Mundt, Pastore, Payne, Potter, Purtell, Robertson, Saltonstall, Schoeppel, Smathers, Smith of Maine, Smith of New Jersey, Sparkman, Thye, Upton, Watkins, Welker, Williams, and Young.

That is a total of 60 Senators, of whom 4 are sponsors of the proposed substitute which would repeal this section.

It will be recalled that the distinguished Senator from Illinois [Mr. DOUGLAS] last year, when the matter was before the Senate, proposed a still more generous write-off for farm machinery. At the same time the distinguished Senator from Minnesota [Mr. HUMPHREY] offered, and the Senate took to conference, an amendment which would have allowed writing off the cost of grain storage facilities in the year of construction.

In the end, the so-called accelerated depreciation amendment allows no more depreciation than does the straight-line method. In both cases the taxpayer can write off only his cost of the asset. Should, for example, tax rates increase in the period when less depreciation is allowed, there would be an actual gain to the Treasury by the accelerated method.

I submit that proposed legislation having such widespread application should not be enacted without notice and proper hearings.

I repeat that the adoption of the accelerated depreciation method is optional, and no estimate can be fairly made as to how many will avail themselves of this plan.

If the Senate will permit a personal reference, I may say that my business, known as H. F. Byrd, Inc., has been engaged in constructing a cannery for our apple products. After consultation with our auditors, we have decided not to take advantage of the option of the accelerated depreciation but to continue with the straight-line method. We made this decision because, in our judgment, an unused depreciation allowance is one of the best assets that any business enterprise can have, and we prefer to continue on the old method. I predict that many other corporations and individuals will do the same; but the fact remains that over a period of time there is no loss to the Treasury from this method. To the contrary, if some emergency situation should force the Government into an increase in taxation, the taxpayer would lose by adopting this method, and the Government would gain.

In any event, the depreciation deducted cannot be greater than the cost of the asset.

I submit that the third claim, namely, that of a valid revenue gain, is fallacious. The claim by the proponents of the substitute on this item amounts to $1,075,000,000.

To recapitulate, the claims for new revenue gains, which I believe to be erroneous, are as follow:

1. Correction of error in 1954 tax bill	$1,000,000,000
2. Extension of corporation and excise taxes beyond Apr. 1, 1956	3,537,000,000
3. Repeal of depreciation provisions	1,075,000,000
Total	5,612,000,0000

I submit that there is only one item in the 5-barrel program which would produce a net gain to the Treasury. It is the item providing for the repeal of the dividend credit, or exclusion, provisions of the 1954 act. These refer to the $50 exclusion per taxpayer and the 4-percent credit on dividends. The amount involved in these items is $362 million annually, which will be saved for the Treasury should this repeal be enacted.

The cost of the proposed tax reduction of $20 for each taxpayer, with none for the spouse, plus a $10 deduction for each dependent other than the spouse, without giving any deduction for joint income returns, will mean a loss to the Treasury of more than $900 million.

Therefore, instead of balancing the budget and wiping out the deficit, as has been claimed, the substitute proposal

would not even pay its own way, but would, over a period of time, add nearly $600 million to the existing deficit.

There are other features of this proposed legislation that deserve full discussion before the vote is taken, but I do want to emphasize the fact that the proposals will have the most far-reaching consequence to practically all the taxpayers of America. They should receive the consideration of the Ways and Means Committee of the House and the Senate Finance Committee in the normal course of tax legislation.

It is significant that in the hearings on the pending bill only 1 proposal relating to any 1 of the 5 provisions of the substitute plan was presented to the Senate Finance Committee, and that was the proposal to extend the 5-percent corporate tax for 3 months, from April 1, 1956 to July 1, 1956. It was rejected by the Finance Committee because hearings had not been held on this proposal.

Mr. President, I ask unanimous consent to have printed in the RECORD as a part of my remarks a table showing the loss in revenue and other details of the proposed plan.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 3.—*Comparison of the revenue effect of the Finance Committee bill and the Johnson amendment, excluding the effect of extending corporate and excise rates for an additional 15 months, and excluding termination of the depreciation provision*

[Millions of dollars]

Fiscal years	Col. (1) Finance Committee bill	Col. (2) Johnson amendment	Col. (3) difference (col. (2)—col. (1))
1955	191	191	0
1956	1,964	1,792	[1] −172
1957	550	4	[2] −546

[1] Breakdown of difference in revenue effect in fiscal 1956:

Repeal of dividend exclusion (Johnson amendment)	+181
$20 tax credit for individuals (Johnson amendment)	−353
Net effect	−172

[2] Breakdown of difference in revenue effect in fiscal 1957:

Repeal of dividend exclusion (Johnson amendment)	+362
$20 tax credit for individuals (Johnson amendment)	−908
Net effect	−546

Mr. BYRD. Mr. President, I have been a Member of the Senate and of the Senate Finance Committee 22 years. If I have learned anything from this long experience, it is that tax legislation cannot be written in a hurry. It involves complex problems. Its effects are far-reaching. It requires comprehensive study. Its drafting needs the advice of experts.

The resources and economy of this Nation have been subjected to terrific stresses and strains over the past 30 years, and I firmly believe survival of our form of government and our free-enterprise system through this period has been due to the check and balance of sound taxation.

Sound and prosperous enterprise is essential to the welfare of all. This cannot be sustained without confidence in the future. There is nothing more destructive of the confidence requirement than vacillating tax policies.

I say to sponsors of the substitute amendment that not one among them will work harder for sound tax reduction than I will. But I also say to the Senate that the only reason for Federal taxes is Federal expenditures. This substitute amendment will not reduce expenditures by one dollar.

The reduction can be measured in dimes—ten-cent pieces—in terms of the weekly paycheck. For such a reduction the proponents of the substitute amendment ask the Senate to accept a sweeping tax bill fraught with the hazards that come from hasty consideration.

Mr. President, I ask unanimous consent to have printed in the RECORD following my remarks an opinion of Colin F. Stam, chief of staff of the Joint Committee on Internal Revenue Taxation, with respect to features of the substitute now pending.

There being no objection, the opinion was ordered to be printed in the RECORD, as follows:

Under the present law a married couple receives the same tax treatment regardless of whether they live in a community or noncommunity property State. For example, a married couple without dependents where entire income consists of a $10,000 salary received by the husband from the X company will pay a tax of $1,636, regardless of whether they live in Texas or any other community property State or whether they live in a common-law State. Under the substitute, their tax liability will be different depending upon their State of residence. For example, in the case of the married couple with the $10,000 salary, if they lived in Texas their tax under the amendment would be $1,616 on account of the $20 credit. On the other hand, if they lived in a common law State, they would receive no benefit under the amendment and their tax would remain as under existing law, namely $1,636. This discrimination is caused by the provision of the amendment which requires married couples to reduce the $20 credit by the amount of tax benefit they receive from income splitting. Income splitting was provided in 1948 to place married couples living in a common law State on the same basis as married couples living in a community-property State. In a community-property State married couples are permitted to divide their community income, which, for example, is the $10,000 referred to, by operation of State law which is recognized for Federal tax purposes. The effect of the substitute is, therefore, to destroy the equalization of tax treatment between married couples living in community-property and noncommunity property States.

The substitute proposed also in certain cases discriminates against married couples as distinguished from single individuals.

The tax of a single individual with 1 dependent and an income of $4,999 under present law would pay a tax of $681 if he uses the optional tax table. A married couple with the same income under present law would pay a tax of $656, or $25 less.

Under the amendment the tax of the single person would be decreased by $30, that is $20 for himself and $10 for his dependent. Thus his tax would be $651. The married couple on the other hand do not receive any benefit under the amendment because their income-splitting benefit was greater than $20. As a result their tax would remain at $656 and would in fact be higher, rather than less, than that of a single person with 1 dependent. This is merely an example of one of the many quirks in the proposed amendment.

NOMINATION OF JOHN MARSHALL HARLAN TO BE AN ASSOCIATE JUSTICE OF THE SUPREME COURT

Mr. STENNIS. Mr. President, for reasons which I shall hereafter assign, I shall not vote to confirm the nomination of Honorable John Marshall Harlan as an Associate Justice of the Supreme Court.

At the outset, I say with emphasis that I make no attack on the integrity or on the ability of the present membership of the Supreme Court, nor on Mr. Harlan. I assume that each of the present members of this Court have the very highest motives in the discharge of their duties, motives just as high as those I claim for myself, and that they do their best and do their duty as they see it. I assume the same would be true as to Mr. Harlan.

For purposes presently under consideration, I am expressing an interest, not in persons, but in the Supreme Court as an institution, the most important branch of our constitutional Government. I want to see it at all times elevated to the highest and most revered position in the minds of our people, as well as the position to render profound judicial service to the people. Accordingly, when the present vacancy occurred and before Mr. Harlan's name or any other name had been mentioned prominently, I issued a public statement on October 7, 1954, which read, in part, as follows:

The vacancy on the United States Supreme Court caused by the unfortunate passing of the late Justice Jackson affords President Eisenhower an opportunity to select an appointee who will have, among other essential qualifications, a background of wide judicial experience. A Supreme Court Justice is immediately vested with judicial power far beyond that of any like position in any other government in the world. His one vote of nine can be the deciding vote in a decision that will overrule all other Federal courts and the 48 State supreme courts. Obviously, the great majority of the membership of the Court should be men who are not only learned in the law, but who have lived the law and have dedicated their lives and active years to the legal profession and have a judicial maturity that can be attained only by service on a court. Judicial officers of this type cannot be created by mere appointment; they have to grow.

This need is accentuated by the fact that the combined judicial experience of the present eight members of the Court prior to their ascendancy to their present positions totals only 8 years and 4 months, and is confined to Justice Minton.

There are a great number of experienced judges available from both Federal and State courts. Judicial experience alone will, of course, not qualify one for this position. However, under present conditions, I think this experience is an essential element, and I am raising this point now before personalities become involved, and I shall vigorously raise it on the floor of the Senate. I strongly hope the President will consider this need.

In issuing this public statement, I was seeking to create public opinion favoring the appointment of a Justice to the Supreme Court who was a seasoned and a mature jurist.

Mr. President, in order to halt a trend of some years in making appointments to the Supreme Court, I had reached the firm conclusion before making the statement just quoted that it was the duty of

the Senate to see that at least some of those appointed to the Supreme Court were seasoned and mature judges at the time of their appointment. This course should be followed regardless of party lines and without reference to the personalities of the nominees.

Let us briefly make certain constitutional comparisons. Those who framed the Constitution of the United States put definite and positive limitations and prohibitions on the President of the United States. First, he is circumscribed by a limited tenure of office. Although he is the Chief Executive of the Nation, he is authorized to make treaties with foreign nations only with the advice and consent of two-thirds majority of the United States Senate; all of his appointments have to be approved by a majority of the Senate. Congress has the power to pass laws over his strongest opposition and over his official veto.

Also, definite and positive constitutional limitations were placed on the Congress. Its Members must first be elected, and they serve for only limited terms of office. There is an age limitation on the membership. One House cannot even adjourn for over 3 days without the consent of the other. There is a limitation on the taxes to be imposed. Through the first 10 amendments passed soon after the adoption of the Constitution, Congress is further limited in many ways. It can make no law affecting the establishment of a religion, and no law restricting the freedom of the press, nor of the right of the people to peacefully assemble. Jury trial and compulsory process of witnesses was assured. Unreasonable searches and seizures cannot be authorized. Private property is given an absolute protection against being seized without just compensation; no person can be compelled to testify against himself; no person can be deprived of life, liberty, or property without due process of law.

The Constitution expressly prohibited the States from entering treaties, issuing money, or laying imposts or duties; and many subsequent amendments to the Constitution have put further limitations on the powers of the States, as well as limitations on the powers of the Congress and of the President.

But, by contrast, Mr. President, in the consideration of limitations on the powers of the Supreme Court, the Constitution is silent as to ordinary and also as to extraordinary limitations. There are very slight limitations indeed as to the entire judicial system, except for a guarantee of jury trial and rights of venue. Instead of limitations on the Supreme Court, the Constitution abandons its usual pattern of fixed tenure for officials and provides that the Justices shall hold their offices during good behavior.

What reasons, Mr. President, can be assigned for this striking difference in the treatment of the persons who occupy these three different branches of our Government? Was there a belief that persons appointed Justices would be wiser than other men? Was it assumed that the motives and the character and integrity of the Justices would be superior to those of all other men? Certainly asumptions so contrary to known facts would not be made. How could they be so bold as to give life tenure to such positions?

The conclusion is inescapable to me. Those who laid this constitutional pattern certainly assumed that at least a great majority of the men who compose this Court would be men of judicial attainments and judicial maturity when they assumed their duties.

What are the facts on this point as to the present eight sitting members of our Court? The combined judicial experience of these eight gentlemen up to the time that they assumed their present positions, was a grand total of 8 years. These 8 years are all confined to one of the Justices—Justice Minton, who had served those years as a member of the United States circuit court of appeals. The present nominee, Mr. Harlan, has less than 1 year of judicial experience, a tenure far too short to produce a seasoned and mature jurist.

Mr. President, a seasoned judge or Justice is not made overnight. A person reaches judicial attainments and judicial maturity only after long years of the most painstaking study, analysis, rigid application, and exacting work. His mind must be molded to a judicious approach to the many problems and cases that confront him. He must get the feel of the precedents and of the opinions. This cannot come through advocacy alone; this cannot come through learning alone. It comes only through long experience in carrying judicial responsibilities.

This judicial experience needs to be under conditions where the judge will be reversed by a higher court if his rulings are not correct, so that his errors will not be perpetuated in the lawbooks to be viewed for generations to come. This process of judicial approach requires years to develop.

This requirement is more compelling and demanding now than when our Constitution was framed. We have grown into a powerful Nation with more than 160 million people. The Supreme Court has found in the Constitution and has exercised implied power whereby it can declare null and void a law passed by the Congress. It can declare any State statute invalid, and can set aside any or all parts of a State constitution.

I am not now becrying this power. I am pointing to its existence to show the absolute need for men of the most mature and fully developed judicial maturity who have been willing to withdraw from the activity of life's affairs and develop that priceless gem—a judicial mind. We have scores of such persons throughout the entire United States with 10 years or more such experience who would be available for this vacancy. They are to be found in our United States district courts, in our United States courts of appeal, and on the 48 State supreme courts, as well as among some of the outstanding trial judges in our State courts of general jurisdiction.

It seems to me that during the last 25 years the judicial branch has been the most neglected part of our Government. But I still believe that it is the most important branch of our great constitutional system. To condemn the court, or a member, or a decision, or a nominee, serves no useful or helpful purpose. It is the system that we must improve.

CONSTRUCTIVE LEGISLATION IS NEEDED

To this end, I am today introducing a bill which is long overdue. It is quite simple in its language and its operation. It merely provides that not less than 1 of each 2 Associate Justices appointed to the Supreme Court must have a minimum of 10 years of judicial experience in either a United States circuit court of appeals, a United States district court, a State supreme court, or a State court of general jurisdiction.

After full consideration I am satisfied that such a law would be well within the constitutional powers of the Congress. I expect to be heard later on this point.

The point I have raised here is a salutary principle of sound government. It has nothing whatever to do with the present Chief Executive, and nothing to do with the present nominee.

It might be that before the day is over voices will be raised here that we must back up the President as to this nomination. This is not the issue, and is no part of the issue. But I do wish to discuss briefly the Presidential appointive power.

Here in the Senate there has been a rather well-established practice to the effect that if a President nominates a person of character, honor, and ability for an appointment, then there is no sound basis for withholding Senate confirmation. So far as appointments in the executive branch of the Government are concerned, this is certainly the general rule, and is one that I ordinarily follow. However, as to judicial appointments, especially at the very top, it has no application whatsoever; and, further, it is dangerous to the judiciary, as an independent branch of our Government. Justices of the Supreme Court are not on that tribunal to carry out the policies of any administration; they are not there to enforce the laws or the policies of any group. They are there to declare and interpret the law as they find it. Every policymaking member of the executive branch of our Government either resigns or can be removed when an Executive retires. Members of the Court serve during good behavior.

Thus all of the reasons ordinarily applying to approving a potential nominee, provided the nominee is one of character and ability, do not apply to an appointment to the United States Supreme Court.

On the other hand, there are many strong and compelling reasons for an altogether different approach in the consideration of such nominees. A standard of measurement and determination for the guidance of both the President and the Senate is long past due. My course has been determined. I trust that, following full consideration and debate, this bill will be enacted into law at this session of the Congress.

Mr. President, out of order, I ask unanimous consent to introduce, for appropriate reference, the bill which I now send to the desk, and which I request be printed at this point in the RECORD.

The PRESIDING OFFICER (Mr. GORE in the chair). Is there objection?

There being no objection, the bill (S. 1440) relating to appointments to the Supreme Court was received, read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That section 1 of title 28 United States Code, is amended by adding at the end thereof a new paragraph as follows:

"From and after the date of enactment of this paragraph not less than 1 out of every 2 persons appointed to the office of Associate Justice of the Supreme Court shall, at the time of the appointment, have had at least 10 years of judicial service. For the purpose of this paragraph, 'judicial service' means service as a justice of the United States, a judge of a court of appeals or district court, or a justice or judge of the highest court of a State or of any other State court having general jurisdiction."

ORDER FOR RECESS UNTIL 11 O'CLOCK A. M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it stand in recess until 11 o'clock tomorrow morning.

I should like to announce, in connection with the request, that I have conferred with the minority leader and the distinguished chairman of the Committee on Finance. That arrangement is agreeable to them. It is hoped that the Senate will have a relatively short morning hour. Perhaps the Senate can begin operating on limited time by 11:15 or 11:20 o'clock a. m. If all the time on the substitute is used up, that should mean that discussion on it would be completed by a little after 3 o'clock.

The PRESIDING OFFICER. Without objection, it is so ordered.

SETTLEMENT OF BOUNDARY DISPUTE BETWEEN ARIZONA AND CALIFORNIA

Mr. GOLDWATER. Mr. President, for many years there has been an argument between the States of Arizona and California in regard to the use of the waters of the Colorado River; but little known is the fact that for more than 100 years our two States have argued about exactly where that river flows and therefore exactly where the boundary between Arizona and California lies.

So I am very happy to say that in yesterday's New York Times there appeared an article stating that the two States have settled this boundary difficulty, and that now we know exactly the position of the line which separates Arizona and California.

In this connection, Mr. President, I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, the article dealing with that situation.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TWO STATES SETTLE A BOUNDARY ROW—CALIFORNIA AND ARIZONA FIX JOINT LINE AFTER 100 YEARS OF CONTINUOUS STRIFE

LOS ANGELES, March 12.—California and Arizona are approaching settlement of a century-old dispute about their boundary.

The dispute has never quite reached the point of open warfare, but it has involved the reciprocal taking of prisoners down the years.

The two States adjoin each other for about a 250-mile stretch of the Colorado River from the southern tip of Nevada to the Mexican border.

The boundary is supposed to be the middle of the river. But over the southern hundred miles floods have changed the river's course many times during the century. A no-man's-land of bottom-lands and islands aggregating up to forty square miles resulted.

This isn't a lot of territory, but it has caused a lot of problems. Inhabitants of the land have totaled at most a hundred people. It's been a cronic conundrum where they were to pay taxes and vote. Some have paid taxes to both States, some to neither.

GAME WARDENS ROAM

In addition, it's good duck-hunting and fishing country. For years game wardens of the two States have prowled the area, arresting sportsmen they alleged to be on the wrong side of the line. Whether the line was the river's center at the moment or where it had been by tradition before the last flood was a perennially unresolved question.

This controversy capped a tradition of disputation over the extent of California's southeastern corner. By some maneuvering in the 1848 treaty of Guadalupe-Hidalgo, ending the Mexican War, California established a claim to 150 acres east of the Colorado River in what became Yuma, Ariz.

California achieved statehood in 1850. Arizona remained a territory until 1912. In 1870 the county tax collector from San Diego, Calif., 200 miles to the west, attempted to ply his trade in Yuma. He was tossed in jail on a charge of collecting money under false pretenses, and got home to San Diego only by jumping bail.

Three years later, Congress awarded the tract to Arizona. Then things calmed down until the river started cutting periodical capers.

BOUNDARY IS FIXED

Two years ago, foreseeing endless headaches if the boundary wasn't fixed, the two States appointed boundary commissions to treat on the question. They have been holding hearings and doing extensive historical research and surveying ever since.

The settlement they arrived at was that the boundary would continue to be the middle of the river wherever its course seemed stable, and the middle of all present man-made crossings, such as bridges and pipelines.

TAX RATE EXTENSION ACT OF 1955

The Senate resumed the consideration of the bill (H. R. 4259) to provide a 1-year extension of the existing corporate normal tax and of certain existing excise-tax rates, and to provide a $20 credit against the individual income tax for each personal exemption.

Mr. LEHMAN. Mr. President, I am going to vote for the amendment proposed by the senior Senator from Texas [Mr. JOHNSON] and other Senators to the tax bill, to close glaring loopholes in our tax structure, which during the last Congress were built for the benefit of the big corporations, at the expense of the public Treasury; and, at the same time, it is our purpose, to give a measure of tax relief to individuals of low income who are, in my judgment, bearing a disproportionate share of the national tax burden.

In 1954, tax reductions totaling $7.4 billion went into effect, tax cuts for which the administration has on more than one occasion taken credit. A substantial part of that loss of revenue stemmed from the enactment of the administration's omnibus tax bill, H. R. 8300, which provided a grossly disproportionate share of tax relief to corporations and individuals in the high-income brackets.

Those taxpayers with annual incomes of more than $5,000 received roughly one-third of the immediate benefits of the administration's tax bill, and the corporations received an even higher share of immediate relief from this legislation, while those with incomes of less than $5,000 who comprise 70 percent of our people received only one-fifth. Even more unfair are the long-run effects of that bill, which give to those taxpayers with incomes of less than $5,000 a year only a pittance of tax relief, while corporations and the upper-income brackets will receive the overwhelming share of the bill's eventual benefits.

Mr. President, that was the most unjust tax bill, the most shockingly contrived tax measure, enacted within my memory. That was a tax measure to relieve the big corporations of their fair share of the tax load, a tax measure to shift the load to the little wage and salary earners of the country; to the pensioners and retired people.

That bill was passed just before the election, despite the fact that we faced a deficit. We actually ran up a deficit of $4.5 billion. We added that much to our national debt while handing out special tax favors to the privileged few, to the wealthy and the big corporations. That is why I voted against that bill last year. I am proud of that vote.

Mr. President, I should like to see the budget balanced. I believe in a balanced budget when it is possible. In general, this is a time of moderate prosperity, but today there are, just as there were last year, soft spots in our economy. A recent report of the Joint Committee on the Economic Report points out some of those soft spots. They are, in a sense, more serious than they were last year.

The proposed bill would certainly not even remotely balance the budget. Last year's tax bill was a trickle-down tax bill. It was based upon the theory—false, in my judgment—that if tax benefits are given to corporations and to the wealthy few, vastly increased economic activity will result, and economic benefits will flow down to the people as a whole. They said "flow down." We said "trickle down." The bill did not even do that. Virtually nothing flows or trickles down.

Mr. President, the results are in. The administration's trickle-down theory did not work. The tax relief for stockholders and recipients of dividends, tax relief for corporations in the form of accelerated depreciation, and all the other forms of tax relief given corporations and persons with large incomes did not result in any markedly greater prosperity for the country as a whole. It did not wipe out unemployment. It did not create new jobs. It did not heal the sickness which is present in certain of our industries and certain areas of our country. The distressed areas are still with us, including some in my home State of New York.

In this respect it is clear that the trickle down tax bill in 1954 was a failure. It was a success only in giving greater profits to the larger corporations.

I do not believe that many people in the country or many Members of Congress are aware of the great benefits which have come to the large corporations through recent tax laws. I could cite many corporations which have greatly profited by the provisions of the various tax laws. It is all a matter of record in the economic reports and in the manuals.

I need cite only one example, which I think will demonstrate the point I am trying to make. I have before me an article which was published in the New York Times of Friday, March 11, 1955. The headline is "Du Pont Profit Up 46.2 Percent to New High."

The subhead is:

$344,386,015 cleared in 1954 despite 3.5 percent sales dip—taxes down sharply.

The article—and, mind you, Mr. President, this is from the New York Times—goes on to describe some very important and dramatic situations which are not thoroughly understood by the people of the country. The article reads in part as follows:

The earnings statement showed that last year's net income was a record $344,386,015. This was equal to $7.33 a share on 45,604,345 common shares. It compared with $235,565,266, or $4.94 each on 45,454,287 shares, for 1953.

That shows that the earnings, despite the dip of 3½ percent in the sales of the company, increased $109 million. On the surface that looks like prosperity; but what are the facts? Those increased earnings, and more besides, were made exclusively because of the lower taxes which the company had to pay into the Treasury of the United States, although the taxes theretofore paid were, in my opinion fair, because of the importance and the prosperity of this company.

Let me cite some of the figures. The article further states:

Federal taxes on income and renegotiation last year amounted to $258,290,000. This consisted of $245,410,000 on operating income and $12,880,000 for other income. A year earlier the company's tax bill was $404,840,000, reflecting charges of $389,320,000 on operating income and renegotiation and $15,520,000 for other income.

In other words, in 1953 the company paid more than $400 million. In 1954, because of the operation of the tax laws, it paid only $258 million. In other words, the Du Pont Company, one of our great corporations, made a saving in taxes alone of $146 million.

The example which I have been given could be duplicated time and time again by other great corporations, possibly not to the same extent in dollars and cents, but proportionately to just as great an extent.

Mr. President, the tax bill passed last year did not increase the national revenue. Indeed, as the record shows, although President Eisenhower forecast a deficit of $2,900,000,000 in the fiscal year 1955, our deficit, after the tax cut, was actually $4,500,000,000.

So, Mr. President, the national welfare and interest calls for our rejection of the trickle-down theory and for a return to the view that the impetus which needs to be given to our economy should be given by increasing the purchasing power of the many, not of the few.

That can be done by adopting the Johnson amendment to grant a $20 tax credit to every taxpayer whose income is $5,000 and less. That will increase spending.

It will help the national economy. Above all, it will help individuals of low income, wage earners, persons on social security, and those living on pensions.

The other provisions of the pending amendment will close some of the worse loopholes opened up in our tax structure by the 1954 tax law. Increased revenue for the Treasury will result. We will come closer to balancing the budget. We will help repair the damage that was done by the 1954 tax law. We will redress the balance of injustice that was written into that tax law. We will make is possible to spend more for national defense and for essential public services.

Mr. President, I was not entirely happy in my own mind over the $20 tax credit proposal as approved by the House. I recognized the great injustice that was done to persons of low and moderate income in the tax bill of 1954. But I also recognized the need to balance the budget, and, above all, the need to increase our expenditures for national defense in these critical times. I am not at all satisfied with the defense proposals submitted by the Eisenhower administration. I do not think they are at all adequate. I do not think we can afford to shop for bargain-basement defense and to make savings at the cost of our national security.

So I was not altogether willing to propose tax cuts that would decrease our revenues while at the same time strongly believing that we should increase our expenditures for defense, among other purposes.

But, Mr. President, the proposal that has been worked out by the Democratic majority in the Senate meets all my reservations and quiets all my doubts. I think the proposal in question is sound and conservative.

The proposal I am supporting, which I hope will be approved by the Congress, will mark us as a responsible Congress, a humanitarian Congress, and a forward-looking Congress.

RECESS TO 11 A. M. TOMORROW

Mr. STENNIS. Mr. President, in accordance with the order previously entered, I move that the Senate stand in recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 6 o'clock and 34 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until tomorrow, Tuesday, March 15, 1955, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate March 14 (legislative day of March 10), 1955.

UNITED STATES MARSHAL

Robert C. McFadden, of Indiana, to be United States marshal for the southern district of Indiana, vice Julius J. Wichser, resigned.

COAST AND GEODETIC SURVEY

Subject to qualifications provided by law, the following for permanent appointment to the grade indicated in the Coast and Geodetic Survey:

To be commissioned captain

Riley J. Sipe, effective March 2, 1955.
Frank G. Johnson, in accordance with law.

To be commissioned ensign

Robert J. Candela, effective March 21, 1955.
Willard L. Shireman, in accordance with law.
James F. Schumann, in accordance with law.
Norman B. Madsen, in accordance with law.

IN THE REGULAR AIR FORCE

The following-named officers for promotion in the Regular Air Force under the provisions of sections 502, 508, and 509 of the Officer Personnel Act of 1947, as amended. Those officers whose names are preceded by the symbol (×) are subject to physical examination required by law. All others have been examined and found physically qualified for promotion.

CAPTAIN TO MAJOR

Chaplain

×Tindall, Robert Wesley, 18804A.

FIRST LIEUTENANT TO CAPTAIN

Air Force

Ballard, Ralph Thompson, Jr., 22718A.
×Carter, Braxton, 23726A.
Reynolds, John Robert, 24710A.
×Flaherty, Leo Francis, 24711A.
×Perdew, Denning Miles, 20688A.
×Younger, Clyde Wade, Jr., 22719A.
Alvarado, Ricardo Raphael, 26678A.
Dellinger, Edward Ray, Jr., 26680A.
Jacobson, Richard Kalman, 20689A.
×Krauska, Thomas Joseph, 23186A.
×Lange, Roy Allert, 20690A.
Neale, James Moseley, 24712A.
×Halicki, Chester John, 26679A.
Early, Robert Kirkland, 23727A.
×Eddy, Egbert Bennett, 23728A.
×Homza, George Joseph, 22720A.
×Hinton, John Richard, Jr., 20691A.
×Griffith, William Thomas, 25617A.
×Calhoun, Atticus Aubrey, 24271A.
×Kratochvil, Otto, 25618A.
Gore, Granville Ivan, 22721A.
×Webber, David Dencil, 23187A.
×Frazier, John Robert, 23188A.
×Anderson, DeLane Edward, 20693A.
Mandros, William James, 20692A.
×Lyons, Richard Edward, 18306A.
×Braswell, Arnold Webb, 17745A.
×Anderson, Carl Andrew, 17747A.
×Wurster, Charles Anderson, 17748A.
Pickering, John Charles, 17750A.
Hayden, William Comstock, 17751A.
×Buckley, John Joseph, Jr., 17752A.
LeConte, Louis, Jr., 17754A.
×Heikkinen, Wilho Richard, 17755A.
Moore, Otis Corcoran, 17756A.
×Young, Stewart, 17757A.
×Burrows, William Claude, 17758A.
×McGinness, William Thornton, 17760A.
×Sandman, James Gage, 17762A.
Barton, Raymond Oscar, Jr., 17763A.
Di Loreto, Benjamin Joseph, 17764A.
×Edwards, John Arnold, 17765A.
×Eakins, Benjamin Wynn, 17766A.
×Brill, Jay, Richard, 17767A.
×Weaver, Paul Elwood, 17769A.
×Rutter, George Warren, 17770A.
×Lynch, William Henry, 17772A.
Mumma, Morton Claire, 3d, 17773A.
×Barondes, Arthur deRohan, 17774A.
×Smith, William Young, 17775A.
×Phillips, Thomas Albert, Jr., 17776A.
×Miner, Richard Lee, 17777A.
Muehlenweg, James Allen, 17778A.

×Stelling, Henry Barthold, Jr., 17779A.
×Bertoni, Waldo Emerson, 17780A.
×White, Samuel, Jr., 17781A.
Graves, Warren Reed, 17783A.
×Stein, Richard Neil, 17784A.
×Bettis, Harry Moody, 17785A.
×Schalk, Louis Wellington, 17786A.
×Mathis, Robert Couth, 17787A.
×Chanatry, Fred Isaac, 17788A.
×Allen, James Rodgers, 17789A.
Quanbeck, Alton Harold, 17790A.
×Anderson, Andrew Broadus, Jr., 17791A.
×Gorrell, Joseph Eugene, 17792A.
×Josephs, Jay Silverman, 17793A.
×Pomeroy, Robert Murray, 17795A.
×Elebash, Clarence Couch, 17796A.
×Williams, Francis Marion, 17798A.
Locke, W. Grim, 17800A.
×Scott, Eward Leigh, 17801A.
×Selig, Ivan Morange, 17802A.
×Butler, Blaine Raymond, Jr., 17803A.
×Lyon, William Meredith, 17805A.
Rosencrans, Evan William, 17807A.
×Kavanagh, Donal Denis, 17809A.
MacCartney, Gaylord, 17810A.
Thomas, George Selby, 17813A.
×Morgan, Rhonel Earl, 17814A.
Withers, John Kesson, 17816 A.
×Swenholt, Donald Brunhoff, 17817A.
Kipfer, Donald Charles, 17819A.
×Schoenberg, Irving Bernard, 17820A.
×Johnston, Floyd Allan, 17822A.
Leitner, George Newton, 17824A.
×Kritzer, Edward Anderson, 17825A.
×Gillogly, Harold Sherwood, 17828A.
×Van Arsdall, Robert Armes, 17829A.
×Skinner, Richard Ingram, 17830A.
Pompan, Jacob Bernard, 17832A.
×Buechler, Theodore Bruce, 17833A.
×McInerney, Francis William, Jr., 17834A.
×Thevenet, Stanley Edward, 17836A.
×Kastris, John, Jr., 17837A.
Pater, Robert Edwin, 17838A.
×Berry Richard Parks, 17840A.
×Waller, Walton Vernon, 17841A.
×Tashjian, Michael Joseph, 17842A.
×Snyder, Arthur, Jr., 17843A.
×Huey, Joseph William, 17844A.
×Barber, Kenneth Hawthorne, 17845A.
Dildy, Sims Gerald, 17848A.
×Shively, James Cole, Jr., 17849A.
×Dent, John Francis, Jr., 17850A.
×Porter, Philip Steven, 17854A.
×Davis, Robert Carroll, 17855A.
×D'Allura, Joseph Anthony, 20694A.
×Yeoman, David Charles, 25619A.
×Hadley, Russell James, 20695A.
×Higdon, John Kenneth, 22723A.
×Mock, Theodore Eugene, 22724A.
×Lane, Joe Vernon, 25454A.
×Henderson, Paul Bryan, 25455A.
Dwyer, George Thomas, 25512A.
Williams, Paul Edwin, 25501A.
Cooper, Joseph Donald, 25499A.
×Emmons, Richard Albert, 25516A.
×Grundy, Francis Charles, 25513A.
×Coke, Paul Ellis, 25500A.
×Mattingly, Edwin Joseph, 25492A.
×Tolley, Oswald David, 25515A.
Mahl, Floyd Delmar, 25496A.
Klinginsmith, Russell Ellis, 25497A.
×Keriakou, Paris Nicholas, 25511A.
×Baleski, John Joseph, Jr., 25490A.
×Nacey, Edward Raymond, 25495A.
Romine, Charles Garland, 25494A.
Lamb, Thomas Eugene, 25498A.
×Merritt, James Vergil, 25505A.
×Oakley, Grover Cleveland, Jr., 25509A.
×Pitts, Morris Bernard, 25502A.
Murfield, Junior Donald, 25489A.
×Denomy, Robert William, 25510A.
×Craun, Leonard Dale, 25491A.
Parrott, John Henry, Jr., 25504A.
×Novak, Alfred Robert, 25503A.
×Miller, George Leonard, 25508A.
×Waid, Charles Leighton, 25507A.
Beardsley, Leonard Nelson, 25514A.
×Ely, John Thomas Anderson, Jr., 25506A.
×Cowgill, John Daniel, 17860A.
×Goss, Raymond, Jr., 17859A.
×Hodge, Phillip Edwin, 17856A.
Newton, John R., Jr., 17858A.
×Rusk, Richard Norman, 17857A.
×Heaton, Robert Raymond, 25517A.
×Arndt, Paul Cahoon, 22726A.

Medical

×Norton, John Burgess, 25470A.
×Webster, John Gordon, 25658A.
×Dahl, Elmer Vernon, 25654A.
×Baker, Robert Wescott, 25655A.
×Richard, Eli Frederick, 25471A.
×Kratochvil, Clyde Harding, 25663A.
×Tredici, Thomas Joseph, 25656A.
×Manogue, Edmund James, 25473A.
×Grissom, Paul Manley, 25474A.
Turner, David Allen, 26362A.
Draper, David Henry, 26361A.
×Good, Hugh Durell, 25657A.

Veterinary

×Shuler, James Meade, 25673A.

Medical Service

×Davis, Franklin Lee, Jr., 23221A.
×Nowell, Wesley Raymond, 25737A.
×Dunn, Charles Clinton, 21628A.

Chaplain

×Wolk, Henry Charles, Jr., 24688A.
Trent, B. C., 26649A.
×Groome, Thomas Marvin, Jr., 24689A.

SECOND LIEUTENANT TO FIRST LIEUTENANT

Air Force

McHugh, Joseph Edwin, 3d, 23964A.
×Brooks, William Thomas, 24105A.
×Lindorme, Edward King, Jr., 23256A.
×Ashbaker, Joseph Louis, 23949A.
Wentzler, Herman Louis, 26608A.
Hicks, Forrest Llewellyn, 26610A.
Allen, Frederick Randolph, 26609A.
×Pollard, Thomas Nelson, 25365A.
Bierman, Donald Joe, 25364A.
Numbers, Richard Scott, 26611A.
×Batten, John Edward, 3d, 24869A.
×Mueller, Arnold Emil, 23950A.
×McDivitt, James Alton, 24153A.
×Williams, Nelson Noah, Jr., 24160A.
×Winters, John David, 24161A.
×Lake, Harley William Richard, Jr., 24156A.
Kasparek, James Joseph, 24164A.
Ward, John Allen, 3d, 24159A.
Carlson, Robert Vernon, 24163A.
×Shortal, Paul Edwin, Jr., 24157A.
×Smith, Robert Burns, 24168A.
×Kirk, Robert Link, 24165A.
Wampler, Glen Edward, 24158A.
×Monchil, Donald Lee, 24155A.
×Beck, Joseph Conrad, 24162A.
×McDonnell, Miles Chapline, 24154A.
Morris, Morgan Phillip, 26613A.
Woten, Homer Glenn, Jr., 26612A.
Christians, Dale Klaas, 26614A.
×Patton, James Franklin, 23951A.
×Weir, Billy Gene, 23953A.
Eagle, William Carter, 23954A.
×Hauer, Edward William, 23955A.
×Sharp, James Manville, Jr., 23956A.
×Malm, Herbert Allen, Jr., 23952A.
×Palmer, David Garner, 24872A.
×Messerli, Robert Edward, 24871A.
×Stadsklev, Glenn Harris, 23957A.
×Schmidt, Robert George, 23958A.
×Schlagal, Robert Charles, 23959A.
×Stanley, Fred Carlton, Jr., 23961A.
×Choate, Jim Keith, 23963A.
×Puffenbarger, Edward Samuel, 23960A.
Burgess, Kenneth Lazelle, 23962A.

Medical Service

×Chamlis, Elbert Ray, 25688A.

(NOTE.—Dates of rank of all officers nominated for promotion will be determined by the Secretary of the Air Force.)

CONFIRMATIONS

Executive nominations confirmed by the Senate March 14 (legislative day of March 10), 1955:

NORTH ATLANTIC TREATY ORGANIZATION

George W. Perkins, of New York, to be the United States permanent representative on the Council of the North Atlantic Treaty Organization, with the rank and status of Ambassador Extraordinary and Plenipotentiary.

ATOMIC ENERGY COMMISSION

John Von Neumann, of New Jersey, to be a member of the Atomic Energy Commission for the term expiring June 30, 1959.

DEPARTMENT OF DEFENSE

Robert Tripp Ross, of New York, to be an Assistant Secretary of Defense.

FEDERAL COMMUNICATIONS COMMISSION

George C. McConnaughey, of Ohio, to be a member of the Federal Communications Commission for the unexpired term of 7 years from July 1, 1950.

FEDERAL MARITIME BOARD

Clarence G. Morse, of California, to be a member of the Federal Maritime Board for the remainder of the term expiring June 30, 1956.

UNITED STATES CIRCUIT JUDGE

Ben F. Cameron, of Mississippi, to be United States circuit judge for the fifth circuit.

UNITED STATES DISTRICT JUDGES

Gilbert H. Jertberg, of California, to be United States district judge for the southern district of California.

William E. Miller, of Tennessee, to be United States district judge for the middle district of Tennessee.

UNITED STATES MARSHALS

M. Frank Reid, of South Carolina, to be United States marshal for the western district of South Carolina.

Curtis Clark, of Kentucky, to be United States marshal for the eastern district of Kentucky.

UNITED STATES COAST GUARD

The following persons to be chief warrant officers, W–3, in the United States Coast Guard:

Charles E. Haley
Zoltan Papp
Claude M. Hutchins

The following persons to be chief warrant officers, W–2, in the United States Coast Guard:

Edward R. Harris	Robert S. Phillips
Francis A. Massey	"A" "Z" Shows
Parker R. Johnson	Carroll Tingle
Philip H. Fry	Luke B. Midgett
Thadeus Penry	Paul A. Woodard
Albert J. Bates	Moses McNure
Michael Kabaczy	Woodrow F. Clookie
John H. Brown	Malcolm Versaw
Manuel L. Bent	William R. Gaither
Walter P. Stipcich	Fletcher R. Peele
Clarence B. Anderson	Leon A. Anderson
Robert H. Burn	George B. Schack
Leroy H. Harmon	Albert DeCosta
Joseph J. Dobrow, Jr.	Leonest L. Tillett
Alfred M. Livingston	Gilbert Coughlan
John P. Ryan	Henry A. Cook
Roland R. Davis	John Chartuck
Oliver F. Rossin	William E. White, Jr.
James W. Lockhart	Edward E. Lewis
Russell M. Young	Louis M. Piermattei
Kenneth E. Payson	Andrew Hauswirth
Cyril D. Kring	Ellis M. Moore
Gene D. Vecchione	Harvey J. Hardy
Harry V. Hardy	Frank D. Coffey
Andrew Kirkpatrick	James A. Somers
Oliver T. Henry, Jr.	Roy L. Singleton
William Keokosky	Alexander M. Grant
Louis S. Schweitzer	Kenneth G. Fields
John R. Howarth	Gustave A. Kuhnert
Howell O. Wall	John W. Short
Elmer J. Nolan	Earlie W. Shelton
Frank Jakelsky	Ernest R. Stacy
Anthony F. Glaza, Jr.	Roy Huffstetler
Meredith D. Hazzard	John Ventre
Frank J. Recely	Nevette A. Gardebled
Elmer C. Knudson	Neal Griffin
Walter V. Corteg	Charles R. Ellington, Jr.
Gordon B. Sworthout	Charles E. Christman
William F. Winslow	Leonard W. Arnold
John Senik	Henry L. Cotton
Joseph L. St. Pierre	

Kenneth E. Diem	Clemens F. Knox
Raymond L. Barnett	John J. Pinton
Bernard A. Koebbe	Harry L. Partridge
Irving T. Bloxom	Thomas A. Smith
Suell R. Grimm	Martin J. Connolly
James W. Freeman	John E. Giles
Homer E. McCullough	Lloyd L. Franklin
Foister E. Blair	Ralph L. Tarr
Norris D. Hickman	Henry O. Aeschliman
Charles U. Stastka	William S. Gray, Jr.
Thomas J. Bennett	George A. J. Michaud
Norman R. Hundwin	Allen S. Marsdale
Andrew J. Donaldson	John Szakara
Walter R. Terry	Earl W. Skinner
John T. Mears, Jr.	Hobart E. Sadler
Victor J. Shurkus	Robert S. Gaddy
Harold D. Gallery	Van H. White, Jr.
Robert N. Piland, Jr.	William D. Oliver

IN THE ARMY

The following-named officers to be placed on the retired list in the grade indicated under the provisions of subsection 504 (d) of the Officer Personnel Act of 1947:

To be generals

Gen. John Edwin Hull, O7377, Army of the United States (major general, U. S. Army).

Gen. Charles Lawrence Bolté, O6908, Army of the United States (major general, U. S. Army).

Gen. William Morris Hoge, O4437, Army of the United States (major general, U. S. Army), to be placed on the retired list under the provisions of subsection 504 (d) of the Officer Personnel Act of 1947.

To be lieutenant generals

Maj. Gen. Withers Alexander Burress, O4812, United States Army, retired, to be advanced on the retired list under the provisions of subsection 504 (d) of the Officer Personnel Act of 1947.

Maj. Gen. William Benjamin Kean, O12470, United States Army, retired, to be advanced on the retired list under the provisions of subsection 504 (d) of the Officer Personnel Act of 1947.

The following-named officers for appointment to the position indicated and for appointment as lieutenant general in the Army of the United States under the provisions of section 504 of the Officer Personnel Act of 1947:

To be lieutenant generals

Maj. Gen. John Wilson O'Daniel, O7342, United States Army, to be chief, Military Assistance Advisory Group, Indochina, with the rank of lieutenant general.

Maj. Gen. Hobart Raymond Gay, O7323, United States Army, commanding general, Fifth Army, with the rank of lieutenant general.

Maj. Gen. Stanley Raymond Mickelsen, O7042, United States Army, to be commanding general, Army Antiaircraft Command, with the rank of lieutenant general.

Maj. Gen. Thomas Wade Herren, O7430, United States Army, to be commanding general, First Army, and senior United States Army member, Military Staff Committee, United Nations, with the rank of lieutenant general.

Maj. Gen. Claude Birkett Ferenbaugh, O12479, United States Army, to be deputy commanding general, Army Forces, Far East, with the rank of lieutenant general.

The following-named officers for appointment in the Regular Army of the United States to the grades indicated under the provisions of title V of the Officer Personnel Act of 1947:

To be major generals

Maj. Gen. Laurin Lyman Williams, O8425.
Maj. Gen. Samuel Tankersley Williams, O8472.
Maj. Gen. Boniface Campbell, O9788.
Maj. Gen. Leslie Dillon Carter, O10663.
Maj. Gen. Philip Edward Gallagher, O11249.
Maj. Gen. David Ayres Depue Ogden, O12051.
Brig. Gen. John Hamilton Hinds, O12106.
Brig. Gen. Robert Alwin Schow, O12180.

To be brigadier generals

Maj. Gen. Gilman Clifford Mudgett, O14966.
Brig. Gen. Douglas Valentine Johnson, O15072.
Maj. Gen. Robert Parker Hollis, O15079.
Brig. Gen. Kenner Fisher Hertford, O15120.
Brig. Gen. Einar Bernard Gjelsteen, O15143.
Brig. Gen. John Joseph Binns, O15207.
Brig. Gen. Charles Vinson Bromley, Jr., O15239.
Brig. Gen. John William Harmony, O15240.
Maj. Gen. Earl Shuman Gruver, O15259.
Brig. Gen. Robert Ward Berry, O15554.
Brig. Gen. William Thaddeus Sexton, O15777.

To be brigadier general, Dental Corps

Brig. Gen. James Melvin Epperly, O16288.

Maj. Gen. James Dunne O'Connell, O14965, Army of the United States (brigadier general, U. S. Army), for appointment as Chief Signal Officer, United States Army, and major general in the Regular Army of the United States, under the provisions of section 206 of the Army Organization Act of 1950 and section 513 of the Officer Personnel Act of 1947.

The following-named officers for appointment in the Regular Army of the United States to the grades indicated under the provisions of title V of the Officer Personnel Act of 1947:

To be major generals

Maj. Gen. John Harrison Stokes, Jr., O12181.
Maj. Gen. Crump Garvin, O12746.
Maj. Gen. George Honnen, O12816.
Maj. Gen. John Francis Uncles, O14914.
Maj. Gen. Robert Nicholas Young, O15068.
Maj. Gen. Thomas Sherman Timberman, O15328.
Maj. Gen. Edwin Kennedy Wright, O15475.

To be brigadier generals

Brig. Gen. Raleigh Raymond Hendrix, O15897.
Maj. Gen. Donald Prentice Booth, O16395.
Maj. Gen. Victor Allen Conrad, O15546.
Maj. Gen. Francis Marion Day, O15614.
Brig. Gen. Peter Conover Hains 3d O15657.
Brig. Gen. Vonna Fernleigh Burger, O15667.
Brig. Gen. Richard Givens Prather, O15698.
Brig. Gen. Willard Koehler Liebel, O15723.
Maj. Gen. William Henry Maglin, O15812.
Maj. Gen. Edward Joseph O'Neill, O15952.
Maj. Gen. Arthur Lawrence Marshall, O38593.

The following-named persons for reappointment to the active list of the Regular Army of the United States in the grades specified, from the temporary disability retired list, under the provisions of title IV, Career Compensation Act of 1949 (Public Law 351, 81st Cong.):

To be colonel

Perry, Russell V., O15383.

To be captains

Ancker, Jack P., O37217.
Bush, Hugh W., Jr., O60626.

The following-named persons for appointment in the Regular Army of the United States, in the grades and corps specified, under the provisions of sec. 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.), title II of the act of Aug. 5, 1947 (Public Law 365, 80th Cong.), Public Law 759, 80th Cong., and Public Law 36, 80th Cong., as amended by Public Law 87, 83d Cong.:

To be captains

Connolly, John R., MC, O2103459.
Cowgill, Herbert F., MC.
Kilpatrick, William C., Jr., MC, O1717778.
Mincks, James R., MC, O2097881.

To be first lieutenants

Blough, Leland S., MC, O4003873.
Gardenier, Edward D., DC, O2267251.
Horton, Virginia A, ANC, N780235.
Hunsuck, Ervin E., DC, O2270447.
Johnson, Elizabeth F., ANC, N798022.
Louro, Jose M., MC, O2041851.
Mitchell, Bradford W., JAGC, O2267214.
Parker, James W., MSC, O717952.
Pogrebniak, Alexander, MC, O2268932.
Young, William H., Jr., MSC, O2263182.

To be second lieutenant

Randolph, George B., Jr., MSC, O1920422.

The following-named persons for appointment in the Medical Corps, Regular Army of the United States, in the grade indicated under the provisions of sec. 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.), subject to completion of internship:

To be first lieutenant

Abrams, Frederick R., O2273772.
Barrett, O'Neill, Jr., O971387.
Bergin, James J., O2273743.
Boehrer, Philip M., O4030393.
Canby, John P., O4024337.
Carey, Philip O., O2268941.
Herman, Robert H., O2268933.
Price, Frank W., O4002903.
Price, Ira B., O4002576.
Grass, Adrian L., O2273750.

The following-named persons for appointment in the Regular Army of the United States, in the grades specified, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.):

To be first lieutenants

Broady, William, O2028412.
Sherberg, Auden L., O1924859.

To be second lieutenants

Berry Fred C., Jr.	Foley, William R.,
Craver, Roger H., O4021064.	C4006426.
	Simcox, George N., O4026470.
Early, Charles D., Jr.	Treadway, Thomas J.

The following-named distinguished military student for appointment in the Medical Service Corps, Regular Army of the United States, in the grade, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.):

To be second lieutenant

Lawson, Lowell F.

The following-named distinguished military students for appointment in the Regular Army of the United States, in the grade indicated, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.):

To be second lieutenants

Kaczenski, John A.	Price, Raymond S.,
Krengel, Thomas F.	O4024963.
Lokie, Andrew P.,	Saxon, George E.
O4032758.	Street, Clover B.
McFather, Bennie S.,	Soupene, James C., Jr.,
O4033500.	O4029449.
Murphy, Charles K.,	Vandeventer, William
O4029919.	R.
Pede, August R.	Weiskirch, Thomas N.,
Perry, Archie,	Jr., O1940922.
O4025001.	Williams, Thomas W.,
	O4029469.

IN THE NAVY

The following-named officers of the Reserve of the United States Navy are nominated for permanent appointment to the grade and line or staff corps indicated:

To be rear admirals, line

William A. Read	William W. Drake
Karl L. Lange	Charles L. LaBarge
James M. Ross	Harry P. Stolz
Edward C. Holden, Jr.	Richard R. McNulty

To be rear admirals, Medical Corps

Richard A. Kern.
Alphonse (n) McMahon.

To be rear admiral, Dental Corps

Charles R. Wells.

To be read admiral, Medical Corps

William L. Nelson.

To be rear admiral, Chaplain Corps

Maurice S. Sheehy.

To be rear admiral, Civil Engineer Corps

Robert C. Johnson.

IN THE MARINE CORPS

The following-named officers of the Marine Corps for permanent appointment to the grade indicated:

To be brigadier generals

Edward W. Snedeker
Arthur H. Butler
Thomas A. Wornham
Roy M. Gulick

HOUSE OF REPRESENTATIVES

MONDAY, MARCH 14, 1955

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, as we enter upon this new week, wilt Thou inspire us with sincere longings and desires to be governed and guided by Thy divine spirit in all our deliberations and decisions.

Grant that when we face hard tasks and the burdens and responsibilities of life press heavily upon us we may have an undimmed vision of Thy strength and sympathy and a deepening experience of Thy nearness and companionship.

We beseech Thee that all the Members of the Congress may earnestly strive to do Thy will for in the doing of Thy will is our peace.

May we daily seek to be partners with Thee in bringing in that blessed time when men everywhere, in obedience to Thy holy will, shall do justly, love mercy, and walk humbly with the Lord, their God.

Hear us in Christ's name. Amen.

The Journal of Thursday, March 10, 1955, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Tribbe, one of his secretaries.

DEPARTMENT OF JUSTICE

Mr. ROONEY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the joint resolution (H. J. Res. 252) making an additional appropriation for the Department of Justice for the fiscal year 1955, and for other purposes.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. BOW. Mr. Speaker, reserving the right to object, and I shall not object, will the gentleman from New York explain this resolution?

Mr. ROONEY. Mr. Speaker, this resolution provides $710,000 additional for the payment of fees and expenses of witnesses who appear on behalf of the Government in cases in which the United States is a party. The budget estimate as contained in House Document No. 88 totaled $750,000. The committee was advised that the Department of Justice will be out of funds for this purpose prior to April first making it necessary to handle the request in this fashion rather than in the next supplemental appropriation bill. It should be noted that this action would not have been necessary had the Bureau of the Budget and the Department of Justice called the situation to the attention of the committee when the urgent deficiency appropriation bill was under consideration.

Mr. BOW. Is it not true that if the $710,000 is not used for the payment of witnesses in the Federal courts that the money will go back to the Treasury?

Mr. ROONEY. Any balance would most certainly revert to the Treasury.

Mr. BOW. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the joint resolution, as follows:

Resolved, etc., That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1955, the following sum:

DEPARTMENT OF JUSTICE

LEGAL ACTIVITIES AND GENERAL ADMINISTRATION

Fees and expenses of witnesses

For an additional amount for "Fees and expenses of witnesses," $710,000.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SEVENTH SEMIANNUAL REPORT ON THE MUTUAL SECURITY PROGRAM—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 97)

The SPEAKER laid before the House the following message from the President of the United States which was read and, together with accompanying papers, referred to the Committee on Foreign Affairs and ordered printed, with illustrations:

To the Congress of the United States:

I am transmitting herewith the Seventh Semiannual Report on the Mutual Security Program. This report covers operations during the 6-month period June 30–December 31, 1954, carried out in furtherance of the purposes of the Mutual Security Act of 1954.

During this period, you will note there was a significant acceleration of operations in Asia, where the bulk of the free world's population occupies its greatest land mass, and where communism is stepping up its efforts of expansion.

These worldwide programs of military aid, economic development and technical cooperation are increasing the military security and economic progress of the United States and our cooperating partners in the free world.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *March 14, 1955.*

TARIFF ON JUTE BACKING

Mrs. BLITCH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentlewoman from Georgia?

There was no objection.

Mrs. BLITCH. Mr. Speaker, under leave to extend my remarks in the RECORD, I desire to report that last Friday, March 11, I introduced a bill which is designed to correct an inequity which results from an unfortunate grouping of words in paragraph 1008 of the Tariff Act. My bill is designed to establish a new rate of duty on jute backing for tufted rugs and carpeting.

I have elected to sponsor this bill only after careful study has satisfied me that an unintentional hardship is being thrust upon the American jute-backing industry because foreign-made jute backing is permitted entry for duty purposes as though it were burlap. Because the customs officials feel that the existing wording of the Tariff Act of 1930 precludes their classifying jute backing different from burlap for duty purposes, it is necessary to effect the change through legislation.

The duty on burlap is low as indeed it should be. But burlap and jute backing are two entirely different products; different in use, different in appearance, and different in price. Ordinary burlap cannot be used for backing of tufted rugs and carpets. Jute backing is not specifically described in the existing tariff schedules only because it was not manufactured in 1930. It is a product of the postwar period. It is a product pioneered in America by American talent. The full benefits of this development are, however, not being enjoyed here only because the foreign-made product is underselling the American-made product because of the unfortunate classification of the product for duty purposes.

Hazlehurst, Ga., one of the fine cities in my district, is the home of the Hazlehurst Mills division of Patchogue-Plymouth Mills Corp. This is the company which pioneered the development of jute backing for tufted rugs and carpeting. Patchogue-Plymouth has recently transferred its jute-backing manufacturing to its Hazlehurst plant. We welcome the company to our area, and I shall seek to have corrected the existing illogical tariff provisions which have thwarted the company's expansion.

The Eighth District of Georgia is an ideal area for manufacturing. There is ample space, ample labor, and a plentiful supply of utility services. I want to see more industry come to southern Georgia, and I deem it my duty as a representative of that area to sponsor legislation of benefit to the companies which see fit to establish there.

SPECIAL ORDER GRANTED

Mr. SIKES asked and was given permission to address the House for 30 minutes on Monday next, following the legislative business of the day and any special orders heretofore entered.

COMMITTEE ON ARMED SERVICES

Mr. VINSON. Mr. Speaker, I ask unanimous consent that the Committee